



LOMBARD

The all-powerful Japanese

BY GEOFFREY OWEN

Many Western businessmen regard Japanese industry with a mixture of dread and envy. Massive investment in modern facilities, a labour force with an almost inhuman dedication to work, unwavering support from the Government—all this is seen as a threat to the very existence of those Western industries which the Japanese choose to attack.

For people who think like this I recommend a visit to the Tokyo headquarters of the Ministry of International Trade and Industry (MITI), that supposedly all-powerful agency which is thought to guide and foster Japanese companies, for a talk about the problems of the textile industry. This is what they would hear:

"It's a hopelessly fragmented business. There are hundreds of small, independent companies operating at each stage of the textile process—spinning, weaving, dyeing, making up—and the distribution system by which material moves from one stage to the next is archaic in the extreme. What we need are some big, vertically integrated companies like Burlington Industries in the U.S., which can invest in new machinery and adjust their production in line with market needs. But we are finding it very difficult to persuade these small producers to give up their independence."

Similar

It is remarkably similar to what one would have heard from Britain's Board of Trade some twenty years ago, before Courtaulds and others had set about reorganising the Lancashire textile industry. Japanese textiles are losing out in export markets to South Korea and other South-East Asian countries; within Japan there is strong pressure for import protection. Although there are Government incentives to encourage mergers and the scrapping of obsolete machinery, MITI has no magic wand with which to transform the industry.

For the first-time visitor to Japan like myself it is something of a relief to come across cars like this—and that of the ski-sport makers, a special-interest group which has had to be protected, on social and political grounds, against a flood of Italian imports.

It is not only the labour-intensive sectors that have problems. Japan's petrochemical industry was badly hit by the oil crisis and its cost structure is appreciably worse than that of its counterparts in Western Europe and the U.S. Several

Surplus

Does this mean that Japan's great export drive is running out of steam? The large and apparently growing surplus on visible trade clearly shows that this is not the case. There are important sectors—steel, motor vehicles, consumer electronics, parts of engineering—which are outstandingly competitive and likely to remain so.

Moreover, as Japanese industry adjusts towards a greater emphasis on products of high added-value which will compete, not on price, but on quality and technology, the threat from Japan may become even more serious for certain industries in the West.

But the point is that the adjustment has to be made, and it is not going to be easy, even for the Japanese. At the present time Japan's exports depend at least in part on price competitiveness and exporters are worried about the continuing appreciation of the Yen, which has moved from over 300 to the dollar at the beginning of last year to around 270-275 today. Some manufacturers feel that a rate of around 260-265 could put them in serious difficulties.

The advances which the Japanese are already making in high-technology sectors like computers suggests that the adjustment will be successfully made. No doubt the special relationship which exists between MITI and industry will be helpful, but the driving force will come from the companies themselves, just as it has done in West Germany.

In the meantime one can draw a few crumbs of comfort from the complaints which some Japanese in companies are making about unfair competition from the West: too many "jumbo" contracts are being lost to European groups, they say, because European Governments are much more willing to provide the necessary support.

Dartmoor clash between beauty and the Army

BARONESS SHARP recommended no change in defence land holdings on Dartmoor in her report on the use of more than 30,000 acres of the Devon beauty spot for training by the armed forces.

In a statement published in the form of a White Paper, Mr. Fred Mulley, Defence Secretary, and Mr. Peter Shore, Environment Secretary, recognised in her words that military training and a national park were "discordant, incongruous and inconsistent."

They acknowledged there was strength in the Council for the Protection of Rural England's view that all national parks and military training should be kept separate.

Even the mighty shipbuilders are concerned. Just a few days ago

Hundai of South Korea defeated Hitachi and other Japanese ship-builders for a much sought after order in Nigeria.

Statement on Dartmoor for Military Training

Statement on the Non-Statutory Inquiry by the Baroness Sharp into Continued Use of Dartmoor for Military Training

Sodman Moor seemed the most likely prospect. Discussions would be started by the ministry and "decisions reached as quickly as possible, having in mind the concerns of residents around these sites to know the outcome."

Lady Sharp urged that public access—important to the whole area whose beauty attracts thousands of tourists every summer—should be increased as much as possible without appreciable loss of efficiency. Some increase was possible now.

Dartmoor—A Report by Lady Sharp of a public local inquiry held in December 1975 and May 1976. SO, 225.

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Statement

The Martyrdom of St. Magnus

by MAX LOPPERT

On Saturday Peter Maxwell Davies's Chamber Opera, *The Martyrdom of St. Magnus*, a BBC Jubilee Commission, had its first performance. For the reason that any new Maxwell Davies composition is an event of major importance, it was an exciting occasion; but, in addition, the performance launched a new four-day festival of considerable charm and high promise for the future—Orkney's St. Magnus Festival, built around Orkney's adopted composer, who is its joint artistic director together with the Orkney musician Norman Mitchell. Against the late northern light of a timelessly fascinating landscape and sky, and in a building of severe magnificence in which are housed the relics of the saint, history, music, and a powerfully vivid theatrical imagination seemed all to combine in a dramatic work of overwhelming beauty, immediacy and force.

Magnus, Earl of the Norse domain of Orkney, a cultivated and devout man whom the *Orkneyinga Saga* characterizes as gentle for his times and the composer's own libretto, as a "Viking pacifist," was assassinated by his cousin and joint ruler of the islands, Earl Hakon, in 1164. In 1177, after a span of miraculous phenomena, he was canonized in 1187. The Orkney poet George Mackay Brown, fashioned the historical events in "Martyr," an episode in his collection of historical and poetic impressions entitled *An Orkney Tapestry*. This he expanded into the 1973 novel *Magnus*, the basis of Davies's libretto. With keen skill and a dramatic instinct at work only intermittently in his first opera *Tesuvera*, the composer has compressed its events into nine scenes, played without break and connected by musical transitions, and its canvas of characters into 26, shared between the five singers who make up the entire cast.

Magnus is a spare, resonant piece of writing—Mackay Brown is particularly good at conveying, in imagery of fine, "tactile" substance, the feeling of the passage of time, the space and emptiness of island life, the roads of civil violence and conflict upon the bleakness of daily existence. By suggestive selection from his dialogue and descriptions, these qualities are retained in the libretto. A particular stroke of micro-dramatic imagination is the setting of the various peasant figures into "Blind" Mary, a woman, suppliant, and, in first and last scenes, prophetess. In these are unfolded the specific episodes in Magnus's life leading to his "treachery," his pacifism under fire in the battle between the Norse and Welsh at Menai Strait; his joint inheritance with Hakon of the Barons; and the swift decline of relations between them into bloody civil war; Hakon's treachery, that closes peace negotiations with Magnus's capture.

The result draws on many kinds of drama—mystery play, Britten's church operas, verse play (a scene of *Five Temperances* fuses *Murder in the Cathedral* with the Jester-Death passages of *Tesuvera*), music-theatre—as well as, on Davies's various remarkable essays in dramatic expression: it spans

one-and-a-half hours swiftly, with ease. Its most controversial feature comes in the seventh and eighth scenes: the action leaps forward into the present century, with cod "newsflashes" to report the peace negotiations, and a transformation of Magnus's death scene into a modern political execution set in the opera, the maturing of many strains, many facets of his music, in the decisive manner of a culminating creation. Everywhere one witnesses that austere economy of gesture that has been the special achievement of Davies's Orkney-inspired compositions of the 70s, sustained now across long periods. *Magnus* is a pointed, twisted "history of dance

example of irrationality in a successful opera; and *The Martyrdom of St. Magnus* is successful because the questions left by Davies the librettist are answered, with the concatenation of a mature music-dramatist, by Davies the composer. Maturity is the mark of the opera, the maturing of many strains, many facets of his music, in the decisive manner of a culminating creation. Everywhere one witnesses that austere economy of gesture that has been the special achievement of Davies's Orkney-inspired compositions of the 70s, sustained now across long periods. *Magnus* is a pointed, twisted "history of dance

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Mary Thomas

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With the disappearance of the

is changing a great deal. The last few cane chair weavers and boat builder is manufacturing glass fibre crabbers (to the delight, no doubt of fishermen now freed of winter maintenance).

Though Mitchell only showed his country people, and repeatedly at that, reading newspapers, they actually use television as much as anyone.

The addition of Dalek voices and blaring announcements "Introducing the Nanny State Trio: Closed Shop, Closed Mind, and Closed" or—in a tone curiously like that of a well-known Welsh union secretary—

"It's wrong to say that there's a difference between jazz and marmalade; that's discrimination and discrimination's wicked

is was the signal for the viewer to cease seeking any coherent message or analysis since none of this has any clear connection with the preceding material.

The peculiar thing was that Mitchell obviously felt he had plenty to say: we heard his voice as he interviewed the crusty old "characters" so beloved of the traditional TV documentary (church caner, boat builder, fisherman) and his mélange of images and commentary implied strong opinions.

Yet he steadfastly avoided coming on screen and saying what he really meant. Estimates of John Pilger and Auberon Waugh rose steadily as *Never Again* (apparently a paradox) bounced on its chaotic and ultimately obscurantist way.

At least Lawrence Moore left us in no doubt on that score. In *ATV's Idol—A Personal Impression Of A Hebridean Island* he gave us another of the programmes characterised by the week-end cottage mentality with which viewers have become so familiar in the last few years: a poignant paean to Pan, hymning the innocence, purity and goodness of life in the grass and deplored the disappearance of so many country followings.

The commentary was in tones of hushed reverence, the regulation music was of the fairytale school, or Oldiehood "Tubular Bells" as we watched to-day's heathen bearded heathens rediscovering their identity—or in other words becoming ever more introvert, nationalistic and provincial.

The crusty old documentary programme "character" this time complete with kilt and black eye patch, revisited the tradition of calling down fire from heaven for the children and the whistling of a cow's tail can be made to appear lyrical. But he also showed cruelty (the apprentice blacksmith's winnowing of the frog's bones); callousness ("I'm a newcomer, only been here 20 years"); and unpleasant labour (the sawyer in the sawpit).

Just where Gladwell found a working cockpit, not to mention an entire team of expert wheelwrights, was one of the wonders of the piece.



Denis Mitchell

on whose orders. Later he also echoed the modern aphorism rhetorically: "What can 'mama' with the ravishing of the Edwardian farm girl by a duo of randy labourers and, most tellingly of all, showed the shared bedroom where all the children in one bed could witness the father drunkenly satisfying himself with his happy wife. What a nasty little block house with separate bedrooms for children?

There were moments however for instance when the old man shied a clod at the massive excavator wheel—when the mood even of this film seemed almost at one with the innate conservatism of Mitchell and Moore.

The only recent documentary on this theme which completely avoided any such overtones was Edward Mirzoeff's *Prospect of England*, the third and last of the Queen's *realm* series of BBCs.

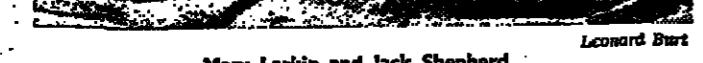
Those of us who have wearied of the modern bumptiousness of the Celtic fringe may have taken some quiet satisfaction from this exclusive yet monumental display of English genius. It consisted entirely of pictures of English scenery, accompanied by readings from English poets from Shakespeare to Larkin via Wordsworth and Eliot linked by Sir John Betjeman, and passages from English composers Purcell, Tippett, Elgar, Delius and so on, though no Mudge, Clark or Bond unfortunately.

And to David Gladwell goes some credit for sensing (I suspect) some of that irony. At any rate, his *Requirement For A Village*—half documentary, half re-creation of village life (in East Anglia, where else) a poignant paean to Pan, hymning the innocence, purity and goodness of life in the grass and deplored the disappearance of so many country followings.

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Leonard Burt

Theatre Upstairs

The Winter Dancers

by B. A. YOUNG

The theme of David Lur's play *As with Peter Shaffer's Peruvians*, playwright and players have to create something with no figurative sources, and the Indians of *The Winter Dancers* do not convince me of their reality. Nor does the tale, which shows signs of the cutting that has taken place in rehearsal, hang together well enough. The first act is a salad of folk lore; the second is too much concerned with the problems of individuals to give a proper picture of the decay of tribal life—though the phoney potatosh which it begins makes a telling contrast with the real potatosh suggested earlier. (A potatosh is a happy winter festival at which a rich man gives away or destroys all his possessions, and was naturally frowned on by Christian missionaries.)

Ian Kellgren's production is colourful and noisy, with masks and dances and beautiful Indian blankets, which were the unit of currency among the Kwakiutl. Mr. Shepherd does what he can as Quesalid; John McEuen tries hard as Quesalid; the tribal chief, but they remain English actors trying to be primitive.

The play does not live up to its interest of its subject-matter, ing to be primitive.

Covent Garden

Swan Lake

When Monica Mason's Odette took the stage last night she announced herself as being from a very different part of the lake. There was the feel of mighty wings beating—

—sometimes suspect that outpoliter Odettes have never seen a swan in flight, so dove-like is their manner—and a grand and regal weight to the Swan Queen's personality.

But this is not the sort of interpretation that the Royal Ballet favours: neither production nor company style is geared to the kind of force that lies within Miss Mason's range (remember her Chosen Virgin in *Rite*; her Black Queen in *Checkmate*). Thus I find that the development of the role from this bravura entry seems constrained by the conscious decorum of the Royal Ballet's classic style. I wish Monica Mason would kick over the

physical and emotional traces: like Lynn Seymour, she can afford to disregard or show up that "milkiness" in the company manner which is its most corroding fault.

In many ways, though, Monica Mason made a great deal of the Siegfried (David Wall) at the end of Act 2 was a fiercely tragic image, showing how the power of von Rothbart's enchantment takes control of the Swan Queen.

In everything Miss Mason shows a physical intelligence: the clear power of her dancing—which encompasses a beautiful pose de bournon—a running pleasure to watch. And from David Wall, who has dominated the entire repertory this year, a fine and devoted account of Siegfried.

CLEMENT CRISP

CRITERION, CC, 22/6, 23/6, 27/6, 28/6, 29/6, 30/6, 31/6, 32/6, 33/6, 34/6, 35/6, 36/6, 37/6, 38/6, 39/6, 40/6, 41/6, 42/6, 43/6, 44/6, 45/6, 46/6, 47/6, 48/6, 49/6, 50/6, 51/6, 52/6, 53/6, 54/6, 55/6, 56/6, 57/6, 58/6, 59/6, 60/6, 61/6, 62/6, 63/6, 64/6, 65/6, 66/6, 67/6, 68/6, 69/6, 70/6, 71/6, 72/6, 73/6, 74/6, 75/6, 76/6, 77/6, 78/6, 79/6, 80/6, 81/6, 82/6, 83/6, 84/6, 85/6, 86/6, 87/6, 88/6, 89/6, 90/6, 91/6, 92/6, 93/6, 94/6, 95/6, 96/6, 97/6, 98/6, 99/6, 100/6, 101/6, 102/6, 103/6, 104/6, 105/6, 106/6, 107/6, 108/6, 109/6, 110/6, 111/6, 112/6, 113/6, 114/6, 115/6, 116/6, 117/6, 118/6, 119/6, 120/6, 121/6, 122/6, 123/6, 124/6, 125/6, 126/6, 127/6, 128/6, 129/6, 130/6, 131/6, 132/6, 133/6, 134/6, 135/6, 136/6, 137/6, 138/6, 139/6, 140/6, 141/6, 142/6, 143/6, 144/6, 145/6, 146/6, 147/6, 148/6, 149/6, 150/6, 151/6, 152/6, 153/6, 154/6, 155/6, 156/6, 157/6, 158/6, 159/6, 160/6, 161/6, 162/6, 163/6, 164/6, 165/6, 166/6, 167/6, 168/6, 169/6, 170/6, 171/6, 172/6, 173/6, 174/6, 175/6, 176/6, 177/6, 178/6, 179/6, 180/6, 181/6, 182/6, 183/6, 184/6, 185/6, 186/6, 187/6, 188/6, 189/6, 190/6, 191/6, 192/6, 193/6, 194/6, 195/6, 196/6, 197/6, 198/6, 199/6, 200/6, 201/6, 202/6, 203/6, 204/6, 205/6, 206/6, 207/6, 208/6, 209/6, 210/6, 211/6, 212/6, 213/6, 214/6, 215/6, 216/6, 217/6, 218/6, 219/6, 220/6, 221/6, 222/6, 223/6, 224/6, 225/6, 226/6, 227/6, 228/6, 229/6, 230/6, 231/6, 232/6, 233/6, 234/6, 235/6, 236/6, 237/6, 238/6, 239/6, 240/6, 241/6, 242/6, 243/6, 244/6, 245/6, 246/6, 247/6, 248/6, 249/6, 250/6, 251/6, 252/6, 253/6, 254/6, 255/6, 256/6, 257/6, 258/6, 259/6, 260/6, 261/6, 262/6, 263/6, 264/6, 265/6, 266/6, 267/6, 268/6, 269/6, 270/6, 271/6, 272/6, 273/6, 274/6, 275/6, 276/6, 277/6, 278/6, 279/6, 280/6, 281/6, 282/6, 283/6, 284/6, 285/6, 286/6, 287/6, 288/6, 289/6, 290/6, 291/6, 292/6, 293/6, 294/6, 295/6, 296/6, 297/6, 298/6, 299/6, 300/6, 301/6, 302/6, 303/6, 304/6, 305/6, 306/6, 307/6, 308/6, 309/6, 310/6, 311/6, 312/6, 313/6, 314/6, 315/6, 316/6, 317/6, 318/6, 319/6, 320/6, 321/6, 322/6, 323/6, 324/6, 325/6, 326/6, 327/6, 328/6, 329/6, 330/6, 331/6, 332/6, 333/6, 334/6, 335/6, 336/6, 337/6, 338/6, 339/6, 340/6, 341/6, 342/6, 343/6, 344/6, 345/6, 346/6, 347/6, 348/6, 349/6, 350/6, 351/6, 352/6, 353/6, 354/6, 355/6, 356/6, 357/6, 358/6, 359/6, 360/6, 361/6, 362/6, 363/6, 364/6, 365/6, 366/6, 367/6, 368/6, 369/6, 370/6, 371/6, 372/6, 373/6, 374/6, 375/6, 376/6, 377/6, 378/6, 379/6, 380/6, 381/6, 382/6, 383/6, 384/6, 385/6, 386/6, 387/6, 388/6, 389/6, 390/6, 391/6, 392/6, 393/6, 394/6, 395/6, 396/6, 397/6, 398/6, 399/6, 400/6, 401/6, 402/6, 403/6, 404/6, 405/6, 406/6, 407/6, 408/6, 409/6, 410/6, 411/6, 412/6, 413/6, 414/6, 415/6, 416/6, 417/6, 418/6, 419/6, 420/6, 42

AMERICAN NEWS

Congress opposition to interest proposals

By Our Own Correspondent

WASHINGTON, June 21. **CARTER ADMINISTRATION** proposals to allow banks to pay interest on individual current accounts and to allow the Federal Reserve to pay interest on reserves deposited by member banks ran into strong opposition in Congress yesterday afternoon.

Mr. Michael Blumenthal, the Treasury Secretary, and Dr. Arthur Burns, the chairman of the Fed, both supported the principle of interest payments on current bank accounts which have been tried in a limited way in some New England states. They also supported the need for the Fed to pay its member banks interest on their deposits with the U.S. Central Bank, saying that it was important if the decline in bank membership of the Fed was to be stemmed.

But Senator William Proxmire, chairman of the Senate banking committee, before which both men were testifying, said that "he was 'troubled' by many aspects of the proposals which would amount to a 'bonanza' for the big banks." Congress banned the payment of interest on current accounts in 1933 following what were then described as unsound banking practices in the 1920s.

However, the ban was repealed in 1972 and the Congress allowed interest-bearing current accounts in six New England states where they have been so successful that two-thirds of the financial institutions in the six states now offer them to their customers.

Yesterday's opposition to the proposal from committee members coincided with a clear disagreement between Mr. Blumenthal and Dr. Burns. The treasury and the Fed have been unable to agree on a ceiling for the amount of interest the Fed should be able to pay its member banks on the deposits—equal to 7 per cent of demand deposits—that they keep on account with the Fed.

As presented to the Senate yesterday the Bill proposes a ceiling of 10 per cent of the Fed's earnings but Dr. Burns said that this would not make any difference to banks faced with the extra cost of funding the payment of interest on current accounts.

CALIFORNIA REAL ESTATE

House prices going through the roof

By ART GARCIA IN SANTA BARBARA

THE COST of houses old and new is soaring in California. There are quick speculative profits to be made, but many people find that prices have risen beyond their reach.

An aerospace company at Santa Barbara has openings for 10 engineers to meet demands of recently awarded Government contract. Normally it has a waiting list of applicants eager to move to the pleasant coastal community from big cities or colder areas. But house prices having doubled in the past three years—the biggest spurt coming over the past 12 months—the candidates simply cannot afford to move in. Most of the 40 jobs still remain unfilled.

The \$71bn California mortgage market has been fuelled by ample mortgage financing, primarily from the state's hundreds of savings and loan associations, but increasingly from commercial banks as well. The boom began in 1975, as money for mortgages returned to the market on the strength of heavy new inflows of savings and commitments in March, to a record \$4.2bn. Up 40 per cent from the end of 1976, demand has become so strong that builders in California have started to driving lots to select buyers of their houses.

Mortgage lenders have eased their interest rates to the board in the form of an discount that is heavier than they can handle. To help curb outbreaks of speculative activity, they are charging borrowers who do not intend to live in the homes they buy even higher interest rates, fees, and payments. Many amateur and professional speculators are trying for quick appreciation and then repeat the process with tidy profits they can make in.

Speculators

In some parts of the San Francisco Bay area, homes 60 to 90 days from completion are offered for resale at prices well above the original builders' costs. Mostly these are sections plots cornered by brokers but individual speculators also are trying the game, often borrowing against the equity that has likely built up in their own home to buy second houses, condominiums, or small apartment buildings.

A study by the Real Estate Research Council of Southern California shows that a typical home selling for \$80,000 in 1970 gained in value to \$88,000 in 1974. In 1975 it sold for \$100,000 and in April 1977 was the market for \$85,400. In some areas, home prices have risen by more than 2 per cent a month for the past two years.

Advance Mortgage Corporation, a subsidiary of a big New York bank, found in a study of speculator means.

U.S. consumer prices rise more slowly during May

By DAVID SATTER

CONSUMER prices in the U.S. rose more slowly last month, the Labour Department reported today, pointing to a much smaller rise in food prices as the principal cause.

Last month prices climbed 0.6 per cent compared with 0.8 per cent in April while food prices rose 0.7 per cent compared with more than 1.5 per cent the month before. This translates into an annual rate of inflation of about 7.4 per cent, about 1 per cent higher than the Carter Administration's target for the year.

However, economists note that the recent wage adjustments both for taxes slowing in the rate of increase and inflation, rose 0.1 per cent in the wholesale price index has after falling 0.2 per cent in yet to be fully reflected in the April consumer index and they are still reasonably confident that by the end of the year, inflation will be expected to continue, though less markedly, other components of the Labour Department also the consumer price index are reported this morning that the little changed. There was some relative moderation in the rate of inflation in the commodity of inflation has led to a slight rise in non food prices. The increase in real spendable earnings was held to 0.9 per cent for the second time this for the third month in a row.

WASHINGTON, June 21.

U.S.-Soviet talks on Indian Ocean

By David Satter

MOSCOW, June 21. **U.S. CHIEF** arms negotiator Paul Warnke arrived in Moscow today to continue discussions with the Soviet Union on demilitarising the Indian Ocean, a favourite Soviet project.

The Russians have called for the elimination of foreign military bases in the Indian Ocean and have charged that the U.S. is building up a "whole network of strong points" there, including an expanded base on the island of Diego Garcia which serves as a communications centre for all U.S. warships in the ocean.

The Communist Party newspaper Pravda has charged that "imperialist forces" have noticeably stepped up their activity in the Indian Ocean with a view to putting vast territory adjacent to the ocean under the control of U.S. Federation, for example, said the court decision re-establishes the fact that "the poor are second class citizens and, as patients, unequal to the more affluent in their opportunities for service."

Meanwhile, Congress is considering a Bill to prohibit the Government from using Federal funds to finance abortions and its sponsors hope the Court decision will boost its passage.

Both this law and the court decision appear to leave one loop-hole: abortions must still be paid for by States or the Federal Government if they have to be performed for clearly "therapeutic" reasons. It now seems likely that there will be much argument about the definition of that the decision was "therapeutic."

Protests in Peru at austerity campaign

By NICHOLAS ASHESHOV

LIMA, June 21.

THE PERUVIAN Government's people, originally described as students but who almost all turned out to be schoolboys aged between 14 and 16, were arrested during clashes with riot police in the lower-class Rimac district of Lima. Security police say they are still holding the majority of them.

The incidents in Cuzco and Lima were the worst of the reactions so far to an economic situation which, from the point of view of wage and salary earners, and of course the great mass of the unemployed and underemployed, is clearly becoming increasingly difficult to support.

Army and police officers privately admit, however, that they were expecting much worse, but add that they do not yet know whether things will remain quiet or whether a really serious outburst is brewing. One senior officer's opinion is that although there will be isolated strikes and minor civil flare-ups, there will be no mass reaction at least within the next four or five months.

Bankers in New York are expecting a massive reschedule of the measures. Approximately 50 country's foreign debt.

Canada's GNP up 1.3%

OTTAWA, June 21.

CANADA'S gross national product to eliminate inflation—declined 0.2 per cent from the in the first quarter of 1977 preceding quarter and in the compared with the preceding third quarter of last year it eased 0.3 per cent. Statistics Canada said to-day.

It was the first quarter to show relatively healthy but narrowly based rate of real growth in the quarter. In the fourth quarter first quarter.

AP-DJ



All shapes and sizes of firms are joining the New Gas Era.

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Naval missile test failure

By Our Own Correspondent

WASHINGTON, June 21. THE LATEST test of an experimental version of the naval Cruise missile, called the Tomahawk, ended in failure this week after the weapon fell back into the sea off California only seconds after it was successfully launched from underwater.

The navy, conceding that this is the most severe setback since testing began 17 months ago, said that the missile was supposed to start its own engine after being shot out of a torpedo tube underwater by a rocket. The rocket worked as planned, but the weapon apparently became unstable.

At that point, stabilizing fins should have opened and the missile was planned to fly some 80 miles. The navy declined to indicate the cause of the failure of the test.

The Tomahawk missile, with a planned range of 2,000 miles, is one of two types of Cruise missile now under development. Both Tomahawk, and an air launched weapon, are expected to be able to fly long distances at low altitudes using a guidance system that enables them to hop over obstacles on the ground.

Because of their flexibility—they can carry conventional or nuclear warheads—and their potential, they have become a major issue in the current strategic arms talks. It is understood that the Soviet Union still wants the naval version and a possible land-based derivative banned altogether, while the administration may be prepared substantially to restrict firings of the naval version for a trial period. The air version would, apparently, not be covered in any agreement.

OVERSEAS NEWS

NATIONALISTS IN ERITREA

Waiting for the crunch

BY GWINNE ROBERTS IN ERITREA

In a thatched hut deep inside town of Humera and EDU units, considerations had brought the in their 16-year struggle. Morale which captured it earlier this Cubans into Ethiopia, but that among the EDU troops is high, especially after overrunning the town of Tessenei six weeks ago near the Sudanese border. How

Fleeing EDU officers claimed they spotted white advisers with the Ethiopian force through their binoculars. Eritrean guerrillas in Ethiopia and he suggested raiding deep into Gondar who the Cubans had a right to take the army at the week-end to a position on that. He, like the young fighter, implied it was no

near Humera also reported the presence of "foreigners" inside the town, apparently supporting the Government forces. So far,

there has been no conclusive proof that Cuban or Soviet officers were directly involved in this campaign, although the Eritreans estimate there are some 400 Cuban advisers in Ethiopia as a whole.

It is too early yet to draw a conclusion," one guerrilla told

EDU. They possess heavy artillery and a guerrilla army which seems to have matured well over the past few years since my last visit here.

The Ethiopians appear to have fought with unaccustomed vigour after being widely derided as a demoralised force—even though the EDU was never recognised as a badly organised and equipped movement which lacked any motivating ideology.

The ELF chairman witheringly described it recently as a "ratbag collection" of people.

But ineffective as the EDU may have been it served as a buffer force for the ELF. Now, the Eritreans face perhaps the most serious threat to their aspirations towards nationhood

here recently that revolutionary

A strong Government force has already swept through Gondar province, formerly the preserve of the right-wing Ethiopian Democratic Union (EDU). This movement's declared objective was to unseat the revolutionary military council in Addis but there now seems little hope of this action.

The EDU guerrilla force appears to have crumbled in the face of a ferocious onslaught from large numbers of Ethiopian tanks, armoured cars and a joint force of armed peasants and army troops. The Ethiopians have retaken the frontier grain to attend. They are the Oromo

Liberation Front (OLF), which represents the largest Ethiopian ethnic group and claims support in eight of 14 provinces; the Afar Liberation Front (ALF) which virtually controls the port of Assab; the Western Somali Liberation Front (WSLF), the Somalibacked group in the Ogaden

region; and the Ethiopian Democratic Union (EDU) which lost to Ethiopian troops ten days ago the border town of Humera taken by EDU forces earlier this year. A fifth group which may be represented is the Ethiopian People's Revolutionary Party (EPRP).

Ethiopian opposition to meet in Sudan

BY ALAN DARBY

LEADERS of a number of groups opposed to the rule of the Ethiopian military council will begin talks here tomorrow to discuss co-ordinating strategy.

Representatives of four or five movements are excepted

to be stretched to contain the attack and be forced to draw heavily on the combined resources of other leftist guerrilla movements in the area which have pledged support.

With these, the ELF stands a good chance of holding the border from Gondar and Tigre.

south from the ELF force currently besieging Barentu, about 100 miles north of the Gondar border. If true, this gives some indication of the priority attached to the threat of imminent invasion from the army.

In Eritrea, there were strong hopes that the rainy season would have started just in time to delay any Ethiopian attempts to cross the River Setit running along the Eritrea-Gondar border.

The river is apparently beginning to flood after several local thunderstorms during the past week. An ELF official also told me the bridge was down.

But there is a strong likelihood that the Ethiopians will make a determined effort to ford the river before the rains begin in earnest early next month. Then, the Government would be in a position to unleash the much heralded peasants' invasion of Eritrea combined with military thrusts from Government-held towns in the province and across the border from Gondar and Tigre.

If that happens, the ELF will be forced to draw heavily on the combined resources of other leftist guerrilla movements in the area which have pledged support.

The Foreign Secretary emphasised that the EEC had no quarrel with the people of Uganda, who would continue to need food, medical and humanitarian aid and technical training.

"If you deprive the people of

FOREIGN MINISTERS of these things, you deprive the year. It is uncertain what the contractual nature of EEC's commitments to Uganda are. Stabex would enable it to exclude Uganda from its benefits.

Virtually all EEC aid to Uganda is provided through the

year. It is uncertain what the contractual nature of EEC's commitments to Uganda are. Stabex would enable it to exclude Uganda from its benefits.

One possible field of aid would be food aid. Some officials suggested to-night that the might make such aid conditional on arrangements to ensure it was distributed to the need Uganda.

• Margaret Reid writes: Crown Agents are not supplying arms and ammunition to Ugandan Army and police. Judith Hart, the Minister Overseas Development said a written Parliamentary question yesterday.

UPI adds from Nairobi: A wave of terror and mass struck Uganda, following an assassination attempt against President Amin. The agency here said to-day: "President Amin was definitely in an ambush on a car on Saturday, and was receiving treatment somewhere in Uganda, or possibly in Libya, the agency said.

Assad and Arafat to be tougher against Israel

BY IHSAN HUJAZI

BEIRUT, June 21

PRESIDENT Hafez Assad of red alert, have been discounted here, according to well-informed sources.

Syria, Egypt and Jordan decided to take a harder line against Israel in relation to the U.S. peace initiative for the Middle East.

This was announced to-day by Mr. Farouk Kaddoumi, chief of the PLO's political department, following a five-hour meeting between the two leaders in Damascus yesterday, which he also attended.

Damascus Radio to-day spoke about Arab and Palestinian determination to confront what it called the policy of the Likud bloc, which is now in power in Israel, of holding on to occupied Arab territory. The consensus here is that the emergence of a Government led by Likud constitutes a turning point in the Middle East, and has seriously eroded the chances of a settlement.

There have been indications that Syria, Jordan and Egypt have raised the level of their military preparedness along their respective front-lines with Israel. One report in the Press here has it that all three have ordered a semi-mobilisation for an early Arab summit conference was seen by observers as being aimed at giving President

Kuwaiti Al-Siyassah newspaper Carter the time he needs to be apprised of the intentions of the new Government in Israel.

Likud Histadrut 'defeat'

BY DAVID LENNON

TEL-AVIV, June 21

THE LIKUD bloc, which dominates the new coalition Government in Israel, was heavily defeated in the Histadrut labour federation's elections to-day, according to television and radio forecasts.

The Labour Party, which lost heavily in the May 17 general election, retained its absolute majority in the Histadrut election.

If the forecasts prove accurate the general election forecast on

television was wrong by only 2 per cent, Israel faces possible clashes between the right-wing Likud Government and the Labour-dominated Histadrut which represents nearly 100,000 workers.

The television forecast w

that Labour would win 56 per cent of the vote, compared to the 53 per cent in the last Histadrut election.

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WORLD TRADE NEWS

Community agrees textile stance

BY DAVID BUCHAN

THE EEC COUNCIL today at a meeting in Brussels, June 21, decided a common view products. Discretely too, in the about how the Nine want to see view of the Commission, has been the present four year Multi-lateral reaction by some member Fibre Arrangement, which ex-members. This is the Brussels view in December, renegotiated of the latest French measures in the GATT talks in Geneva taken last weekend to put into effect. After several months of intra-lateral quotes on some textile EEC haggling, which has held up and clothing products: the Geneva negotiations since mission is still studying the implications of the French quotas now agreed a compromise of a minimum of changes in the MFA itself, while providing for a maximum of restrictions on textile imports in bilateral negotiations.

That restraint is needed is undisputed by all. Nine member states, the MFA, a multilateral umbrella with a set of broad rules under which bilateral negotiations between textile exporters and importers take place is seen by the Commission as being Europe's best on an "orderly retreat" out of an old fashioned industry in the face of low cost third world, and particularly Asian, competition.

But the retreat under the framework within which Commission officials here "covers our essential worries." To be presented in negotiations, the EEC wants it early next month. The Community position will include the following elements:

(1) The EEC will set global import ceilings for eight categories of textile products: cotton cloth, cotton yarn, synthetic cloth, trousers, shirts, T-shirts, blouses and pullovers. This is not a gap that has caused considerable dispute between the Community and India.

(2) The "principle of cumulative effect" should be recognised in the new MFA so that the EEC can limit imports even from small suppliers when the cumulative effect of these imports is dangerously large.

(3) To prevent textile exports view, but in the words of British officials here "covers our essential high-base levels in bilateral negotiations and imports take place is seen by the Commission as being Europe's best on an "orderly retreat" out of an old fashioned industry in the face of low cost third world, and particularly Asian, competition.

Given these safeguards, the present MFA rules has become disorderly: between 1973 and 1975, 430,000 EEC textile jobs were lost, and import penetration has risen to over half of Com-

Brussels jargon has it will allow in their exports.

This announcement appears as a matter of record only

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INTERUNION-BANQUE

Japan adopts hard line on EEC issues

BY DOUGLAS RAMSEY

EUROPEAN COMPLAINTS that Japan is bombing some EEC industries with its exports while keeping Japan's own imports of finished goods at an artificially low level "ignore" the basic facts of Japan's trading situation, according to a confidential assessment circulating inside the Ministry of Finance (MOF).

Put briefly, the Ministry of Finance document (which was completed in late May) says that in the first two cases the EEC's arguments are downright misleading, and in the latter case Japan cannot hope to boost finished goods exports to the EEC by a market the size is 48 per cent of total Japanese finished goods in the EEC's total car exports. In the case of steel, imports also declined, but from 59.9 per cent in 1973 to 55.3 per cent in 1975.

Even admitting increased efforts to import manufactures, though, the MOF document suggests that "parity" with the Europeans is far off. Taking two alternative levels of import growth, the MOF reckons that if GNP, free access factors. The oil crisis reversed

imbalance in both value and per capita terms. Mr. Dan and his market size are taken into the trend, however, as the

calculated two other ratios on selling far more of both cars and steel to the EEC. On cars, in 1973 to 19.9 per cent two years later, (in the same period the MOF calculates that the share of car exports, in the case of steel, finished goods in the EEC's total

imports also declined, but from 59.9 per cent in 1973 to 55.3 per cent in 1975.)

Thus "adjusted" to reckon on the much larger size of the MOF argues, Japan really should be finished goods portion of imports

with the much larger size of the European GNP and population, not to cause injury by flooding

European markets, and hence, the second rebuttal: the EEC has a market the size is 48 per cent of total Japanese finished goods exports to the EEC falls far short of what Japan could really be selling in the Nine.

The MOF paper tackles the problem of Japan's finished goods imports with less arithmetic leger de main than it does the first two issues.

It starts by admitting Japan's dependence on raw material imports, and insists that the dependence is far greater for any other industry in the country. Second, it says the low level of finished goods imports largely occurs because Japan is not surrounded by other industrial nations. The paper argues, for instance, that if intra-EEC trade is excluded, the share of finished goods in EEC imports falls from 55 per cent to only 38 per cent, and 5.8 per cent respectively of Japan's total car and steel exports to the world in 1975. (As a share of total Japanese exports to the EEC, car were 13.8 per cent and steel nearly 7 per cent.) Do such levels represent what the Japanese are poetically terms "shuehoo gou" or "concentrated rainfall" of cars and steel on to the European market? The EEC calls it flooding, but at MOF, again the answer is no.

The document goes through some complicated arithmetic to

willingness to buy foreign manufactured goods represent some arbitrary level of total imports.

The otherwise hardline response to European complaints, however, ends on a rather more realistic note. To expand trade, the MOF paper says, Japan needs the co-operation of its trading partners, that means Japan must weigh carefully its exports if those partners are deprived of jobs.

Saudi deal for Germany

A consortium of three German companies led by Siemens AG have received an order valued at DM580m, from Saudi Arabia to supply 11 transformer stations and to expand its existing 13 transformer stations. Siemens said. AP-DJ reports from Munich.

\$25m. backing

Saudi Aramco, Rock and Marine Transport will use Saudi from the Saudi Industrial Development Fund and Alstom Bank to invest in vessels and equipment on its integrated sea and road transport services from Europe into Saudi Arabia.

Pakistani shirt quota

Following a sharp increase in 1976, U.K. imports of men's and boys' knitted shirts from Pakistan will be restricted to 1,232,500 pieces in the period April 1 to December 31, 1977. U.K. imports of these products from Pakistan totalled 1,711,000 pieces in 1976 and 1,336,000 pieces in the first three months of 1977. The quota has been imposed under Article 3 of the MFA after consultations between the EEC Commission and the Pakistan authorities in April and May failed to produce agreement.

Vegetable farm

FMC Corporation has negotiated a \$3m. contract with Arabian American Oil Company to design and supervise the operation of a 350-acre vegetable farm near Hofuf Oasis in Saudi Arabia.

Pulp plant

Ishikawajima-Harima Heavy Industries said its dock in Kure, western Japan, designed to build tankers, is being used to construct a floating pulp plant for Brazil because of a lack of shipping orders. Reuter reports.

U.K. discusses export strategy

BY LORNE BARLING

WAYS OF IMPROVING Britain's export performance and trade position in general are expected to dominate discussion at an industrial strategy conference, chaired by Mr. Callaghan, the Prime Minister, being held today.

The conference is expected to reveal progress on the government's industrial policy which is largely based on export-led growth, and will be attended by more than 100 employers, trade union officials and members of the industrial working parties and committees set up under the policy.

The second stage will include studies and design and supervision of work on water and sewage.

The first part of the project is expected to be finished by August 1979 and the second by May, 1980. The project will provide Aqaba with 174m. cubic metres of water a year.

Howard Humphreys has been active in the Middle East for many years. The company carried out the sewage project in Tripoli, and smaller projects in Libya and Saudi Arabia. There is a prospect that Howard Humphreys may undertake water strategy for north Jordan, but no agreement has been reached.

● Great Lakes Dredge and Dock has received contracts totalling \$80m. for two projects in the Middle East—construction of the port of Jebel Ali Dubai and a contract for \$15m. to dig an access channel, being built at Juyah, Saudi Arabia. AP-DJ reports from Chicago.

The DCL uses a system of sole distributors, and maintains that EEC regulations

will cover Export Credit Guarantee Department and bank finance, effective overseas marketing, research and development, product development, the role of public purchasing and the specific problems of smaller companies.

Although the British Government remains tied by international agreement on the level of support for exporters, this is clearly an area where the views of industry will be given close attention by Ministers.

The second conference will be held on July 11, and with to-day's meeting is considered an important part of the strategy. The sector working parties and economic development committees will make their final reports towards the end of the year.

Distillers to defend distribution

BY KENNETH GOODING

A TEAM from the Distillers recognises its right to operate thus.

But the DCL has been under attack from exporters who have tried to buy its brands in the U.K. but have had their orders turned down.

A spokesman for the DCL said about to-day's meeting, "we have a letter from the EEC commission which set out their view of some aspects of our trading arrangements within the EEC. We have sent a written answer.

The issues are complex and technical, and have been under discussion for several years. They will be discussed by a DCL team and the commission."

The group has insisted that over the past ten years, the biggest growth of its whisky brands, especially in Europe, has taken place outside the big cities. The appointed distributors had achieved this because they were prepared to spend their money on promotion, DCL has maintained.

The company claims that the allowances it makes to distributors do not offset completely the cash which the distributors put behind their brands. That is why parallel exporters are still able to make a profit, while cutting prices, the company has said.

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The new rates will be:

Preference Shares	6.70	10.31
Savings Accounts	6.70	10.31
Personal Deposits	6.45	9.92
Subscription Shares (including 1.50% bonus)	7.95	12.23
S.A.Y.E. (no change)	up to 8.62	up to 13.26
Extra Income Shares		
2 Years	7.20	11.08
3 Years	7.70	11.85

Interest on all discontinued issues will be reduced by 0.30%.

Maximum holding for each investor is £15,000 (joint investors £30,000).

* This represents the gross equivalent yield to an investor who pays income tax at the basic rate of 35%.

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HOME NEWS

Compensation for shipyards faces snags

BY ROY ROGERS, SHIPPING CORRESPONDENT

COMPENSATION TERMS for machinery was not needed. Rob Caledon and John G. Kin, although compensation talks had been held, took almost two years from the date of the Vessel Day.

Final offers are expected from the Department of Industry very soon, and since both are quoted companies there seems little to prevent a swift settlement on the Government's formula based on Stock Exchange quotations in the six months to February 27, 1974.

But negotiations with those involved that are not already State-owned are likely to prove difficult and far from easy, as Government compensation terms they are either unquoted or are not available.

Some complaints of unfairness are being heard from the Department of Industry, which has engaged accountants to handle their compensation negotiations. Some of these may be acceptable when compared with the basis for compensation under arbitration.

The arbitration machinery is similar to that used during the shareholders' interest to retain nationalisation of the steel non-marine activities of industry—is expected to be set up next month. As it turned out, the steel arbitration rest of the subsidiary.

Last bid to sway Parsons workers

BY MAX WILKINSON

MR. ERIC VARLEY, the Industry

Minister, is expected to make a

last attempt to-day to win unions

round to his plans for a merger

of the turbine generator industry.

On Monday the Confederation

of Shipbuilding and Engineering

Unions' executive committee

agreed to back the demands of

the workforce at C. A. Parsons in

Newcastle that the National

Enterprise Board should have the

major role in any new grouping.

But Mr. Varley, his civil ser-

vants and the National Enter-

prise Board agree that the new

company should be controlled and managed by the General

Electric Company.

GEC has refused to co-operate

in the merger which it would anti-

cipated. Its view is that Parsons

is the weaker company and that

the NEB has no experience in

running a power engineering

company.

Earlier this month Mr. Varley

believed that the confederation

was coming round to his view.

At a meeting in the Department

of Industry on June 9 he spelled

out the bleak future for the

industry in the absence of a

merger.

He made it clear that ordering

a new power station before it

was needed would not solve the

long-term problems facing the

industry and particularly C. A.

Parsons was frustrated.

Mr. Varley is due to speak at

the confederation's meeting in

Scarborough to-day. It is likely

that he will try to put further

pressure on the unions to accept

what he regards as the only

viable solution. In private he

will try to play his last card,

which is the threat that GEC

could get the order instead of

Parsons.

Payout likely for car policy holders

BY KEITH LEWIS

HOLDER OF around 750,000 motor insurance policies in ten failed insurance companies, including Fire Auto and Marine, which had 235,000 out of the total, collapsed in 1967.

Creditors can expect to

receive between 10p and 30p in

the £, depending on the com-

pany. The top two in the

range are likely to be Fire

Auto and Gibraltar, while

those closer to the 10p end of

the scale are likely to be London and Home Counties

and Metropolitan and Northern

Counties.

The liquidators are clearly

hoping that this will be a once

and for all payout, though it

is possible that in some cases

there will be a further small

sum payable depending on the

overall response of creditors.

The advertising campaign

will be directed at two

categories of beneficiary:

policyholders who were left

uninsured by the failures and also third party claims from

such parties as garages which

did not receive payment after

repairs had been made to

crashed vehicles.

Following an advertising

campaign, for which High

Court permission had to be

obtained, it is estimated by

Cork Gully that there will be

savings of £550,000.

Flow of new building work slows down

BY MICHAEL DIXON,

EDUCATION CORRESPONDENT

THE TAMESIDE local authority

is to accede to a demand by

Mrs. Shirley Williams, Secretary

for Education and Science, giving

it until July 12 to report its pro-

gress towards fully comprehen-

sive secondary schooling.

Tameside, in the Greater Man-

chester area, was the only one

of the eight main anti-compre-

hensive authorities which failed

to meet the Minister's previous

deadline of May 24 for the sub-

mission of proposals for reorga-

nising their schools.

The others are Besley, Buck-

inghamshire, Essex, Kingston

upon-Thames, Redbridge, Sutton

and Trafford.

Councillor Donald Thorpe,

chairman of Tameside education

committee, said yesterday that

Mrs. Williams' letter giving the

new date had been "very reason-

able," and the authority would

rely as requested.

But it might not be able to

specify when its comprehensive

plans would be completed,

because a lot of work had still

to be done on them.

Travel profits down

BY ARTHUR SANDLES

BRITAIN'S major tour operators remained broadly profitable last year, but their performance was not as good as in 1975, according to Civil Aviation Authority figures.

The profitable companies

among the top 30 produced total

profits of £12.5m., and the loss-

making members of the same

group had total losses of £1.2m.

Net profits were down by £1.2m.

in the 1975 figure.

There was a 20 per cent. rise

in turnover among the top 30 to

£23.1m.

TOUR COMPANY PROFITS
(U.K. Top 30 companies)

Year	Turnover	Net Results
1972	266.0	-8.9
1973	245.5	-0.4
1974	224.7	-3.0
1975	278.3	12.9
1976	326.1	11.7

Source: CAA

Amount of plutonium 'hardly alters risk of theft'

THE POSSIBILITY that

terrorists could steal plutonium

and make a crude nuclear bomb

was admitted by Mr. Con Allday,

managing director of British

Nuclear Fuels, at the Windscale

inquiry yesterday.

But Mr. Allday told the inquiry

that in his opinion there was no

direct relationship between the

likelihood of this happening and

the amount of plutonium in

store.

"I agree if there is more

around the risks must be greater,

but not very much greater," he said.

"Plutonium is very well

guarded. It only takes a small

amount to make an explosive

and it does not seem to me to

matter how much is in store if

someone only wants to steal a

few kilograms."

He agreed that it was possible

to have a very small particle

damaged by a very small particle

of plutonium, but argued again

the assertion that it was the

biggest single explosive in the

material world.

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material world.

The contamination created by

the release of plutonium depends

on the concentration, he said

pointing out that both Nagasaki

and Hiroshima, the two

Japanese cities A-bombed in 1945

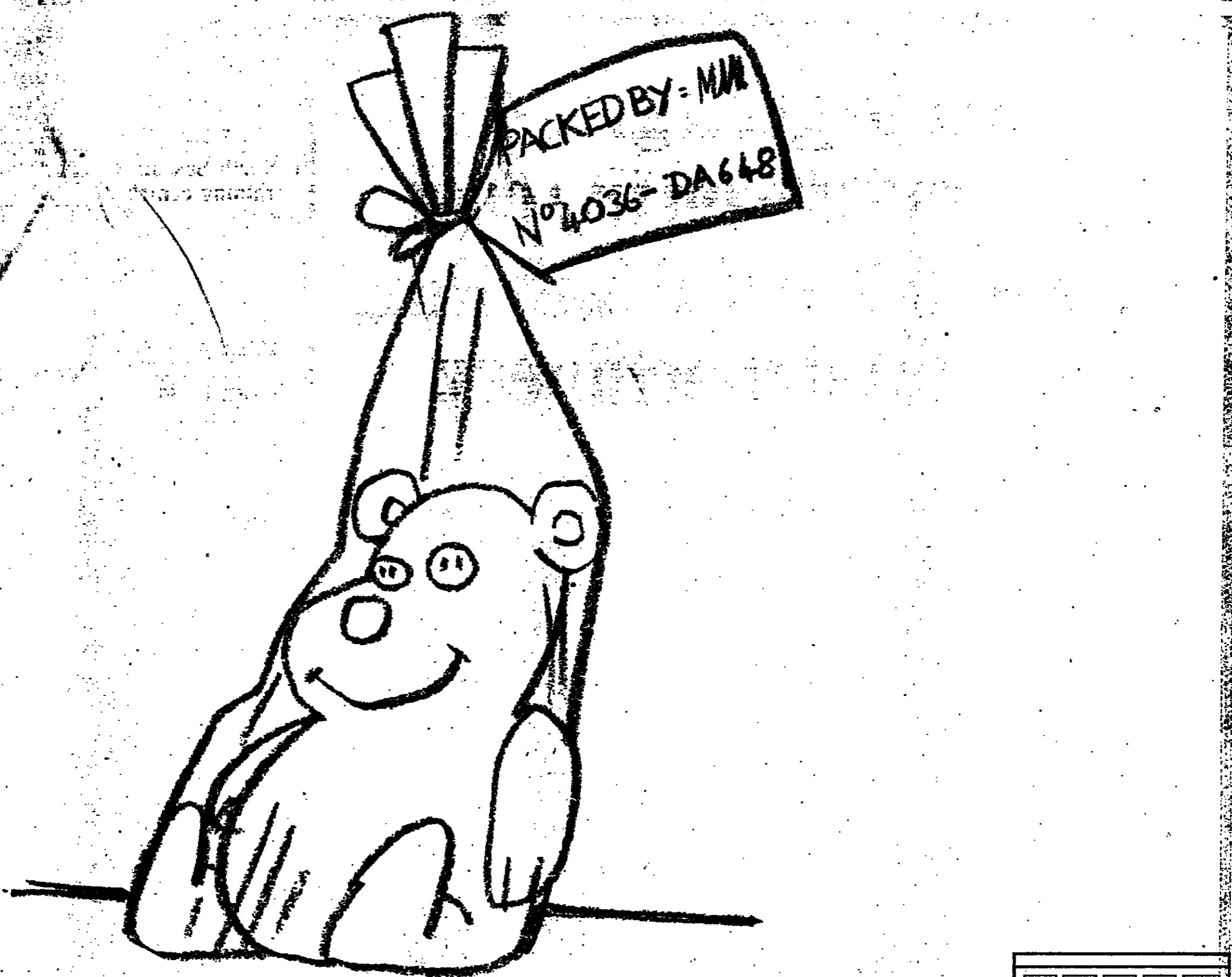
were now inhabited again.

Asked Mr. Widdicombe: "Wh

at is happening to the plutonium

Top Left File

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insure it, export it
and make money
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NATIONAL WESTMINSTER BANK GROUP: FULL BANKING SERVICES INCLUDING BUSINESS DEVELOPMENT LOANS, FOREIGN CURRENCY DEALING AND EXPORT FINANCE, PAYROLL AND COMPUTER SERVICES (CENTREFILE LTD), REGISTRAR AND ISSUE SERVICES, DOMESTIC AND EXPORT FACTORING (CREDIT FACTORING INTERNATIONAL LTD), MERCHANT BANKING (COUNTY BANK), LEASING AND INSTALMENT CREDIT (LOMBARD NORTH CENTRAL), INCORPORATED INSURANCE BROKERING, NATIONAL WESTMINSTER INSURANCE SERVICES LTD.

Oil price rises push up many countries' debts

BY OUR FOREIGN STAFF

DURING the last week international banks have had through their letterboxes an eight-page document showing how much each of 148 countries is due to pay them back or reborrow in foreign currency this year.

Although the idea of breaking down countries' debts according to when they are due to be repaid is not new, this is the first time that figures are coming out which give an indication of the demands which repayments of external debt are making on countries' foreign currency resources in the current year.

The World Bank has published data regularly, but always with a considerable time lag.

There has been international concern about the rising external debt of some countries for decades.

The problem has become much more widespread, however, since the rise in oil prices in 1973, for a very large number of countries sought to cover the increased cost of their oil purchases by borrowing abroad.

Eastern Europe has also borrowed heavily in an attempt to modernise its economy.

Crude context

Given time, the new data which the Bank for International Settlements is circulating will be subjected to a sophisticated analysis by institutions like Morgan Guaranty (whose estimates of the total debt of selected countries are shown in the table).

The figures being circulated for selected countries are therefore set out below. An attempt, albeit somewhat crude, has also been made to put them into context (on the grounds that a crude context is better than no context at all).

The new data on maturities is set out in columns 9-12. Column four shows the total loans which big foreign banks have on their books to all entities in each country—from individuals to the Government and central bank.

Column five shows the proportion of this not due to be repaid until 1979 at the earliest. Column six the proportion due next year. And column seven the proportion due this year.

The three columns do not add up to 100 per cent because some reporting banks did not allocate exactly.

Hard currency

Column eight shows the amount due to be repaid this year in billions of dollars while Argentina's fate is in the hands of the creditors.

Servicing

The principal Latin American borrowers are seen to be facing very varying difficulties in the short term. Mexico is having to find very large sums this year, but the Mexican authorities can take considerable comfort from the fact that the very large increase in their petroleum revenues should make it easier to raise money than at any other time in the recent past.

The biggest borrower of all—Brazil—has a massive burden to bear, but intelligent planning by the Brazilian monetary authorities has meant that servicing should not be a problem this year.

However, concerns have already been raised that maturities in 1979-80 could prove exceedingly heavy, and that repayments could be complicated by economic and political difficulties on the home front.

COMMERCIAL BANKS

Developed countries	Net borrowing	BIS annual report Stat. end-1976			BIS maturities analysis			Unused credit '76	Exports '76	Total debt
		Borrowing end '76	Borrowing '77	Due '79	Due '78	Due 1977	% of exports			
Finland	2.6	1.0	3.6	3.7	41	8	44	1.6	25	110
Greece	6.1	3.1	2.0	2.9	46	9	40	1.1	30	117
Norway	3.1	2.1	5.2	5.3	50	9	37	2.0	23	n.a.
Portugal	0.9	0.8	1.0	1.0	31	14	51	0.5	17	n.a.
S. Africa	4.2	0.8	7.0	7.6	36	11	45	3.4	42	n.a.
Spain	1.4	6.3	7.8	7.3	41	9	44	3.2	29	58
Turkey	1.5	0.5	2.1	2.3	18	15	60	1.4	93	n.a.
Yugoslavia	6.4	1.8	2.2	2.2	51	17	27	0.6	15	76
E. Europe										
Bulgaria	1.6	0.4	2.0	2.0	31	8	57	1.1	15.8	n.a.
Czech.	0.5	0.4	0.9	0.9	31	2	62	0.5	24	1.6
E. Germany	2.9	0.6	3.6	3.5	23	17	54	1.9	72	n.a.
Hungary	2.2	0.9	3.1	2.9	30	7	58	1.7	67	3.3
Poland	4.8	0.4	5.4	5.6	50	13	32	1.8	49	172
Romania	0.4	0.3	0.7	0.8	9	7	75	0.6	26	n.a.
USSR	6.6	3.7	10.3	10.0	35	7	53	5.2	45	15.5
Latin America										
Argentina	0.3	3.1	3.4	3.3	30	11	49	1.6	41	214
Bolivia	0.2	0.1	0.3	0.4	40	12	40	0.2	5	203
Brazil	14.4	7.0	21.2	18.5	55	12	28	5.2	51	267
Chile	0.4	0.7	1.1	1.0	15	13	61	0.6	21	298
Colombia	0.7	0.9	1.6	1.9	22	7	67	1.2	65	166
Cuba	0.9	0.1	1.0	1.0	21	5	53	0.5	n.a.	n.a.
Jamaica	0.3	0.1	0.4	0.6	27	8	39	0.2	37	408
Mexico	13.4	4.4	17.8	18.0	41	11	41	7.3	170	20
Peru	2.5	0.4	2.8	3.0	40	8	41	1.2	86	207
Venezuela	(1.9)	7.3	5.3	7.0	21	4	64	4.4	50	39
Middle East										
Egypt	(0.8)	2.0	1.2	1.3	13	7	70	0.9	46	n.a.
Iran	n.a.	n.a.	3.7	3.5	7	54	1.7	19.5	n.a.	n.a.
Iraq	n.a.	n.a.	0.2	40	8	50	0.1	1	8.4	n.a.
Israel	(0.4)	2.9	2.5	2.0	29	6	63	1.3	59	2.2
Jordan	(0.4)	0.5	0.1	0.1	16	3	75	0.0	12	0.1
Oman	n.a.	n.a.	0.2	28	6	64	0.2	n.a.	n.a.	n.a.
U.A.E.	n.a.	n.a.	1.2	17	5	71	0.8	0.4	n.a.	n.a.
Other										
Africa										
Algeria	(0.4)	2.1	1.7	2.5	69	8	17	0.4	44	6.5
W. C.	0.0	0.4	0.4	0.5	55	15	23	0.1	7	n.a.
Morocco	(0.2)	0.7	0.5	0.5	53	11	31	0.2	10	1.7
Nigeria	(0.2)	0.5	0.3	0.3	5	2	75	0.2	3	n.a.
Sudan	0.2	0.1	0.3	0.4	32	5	59	0.2	36	n.a.
Tunisia	(0.2)	0.3	0.1	0.1	31	2	59	0.1	10	0.1
Zaire	0.4	0.4	0.8	0.8	63	10	24	0.2	23	0.2
Zambia	0.2	0.2	0.4	0.5	35	17	45	0.1	8	n.a.
Other Asia										
Indonesia	2.0	1.4	3.4	4.0	41	12	42	1.7	20	124
S. Korea	1.9	2.1	3.9	3.7	21	7	68	2.5	33	131
Malaysia	(0.4)	1.3	0.9	1.2	37	12	44	0.5	10	0.4
Philippines	0.3	1.8	2.6	3.0	29	7	55	1.6	67	111
Taiwan	0.2	2.3	2.6	2.3	25	9	45	1.5	28	54
Thailand	0.5	1.0	1.4	1.1	14	3	80	0.9	34	2.5

Gold sales

On the face of it, the Soviet Union's position looks particularly bad with over \$8bn. due this year.

But, they would be partially

reduced by short-term money

market operations. Moscow could

always sell gold if necessary.

East Germany and Hungary, both countries with better than

average credit ratings, also have

a large part of their debt maturing

this year, and both are bound

to be active borrowers in the

foreseeable future due to persistent difficulties on their hard currency trade.

Leasing industry expects to break record

BY JAMES McDONALD

BRITAIN'S LEASING industry had a record year last year and expects its leasing commitments to rise further this year, according to the Equipment Leasing Association, which claims that its 36 member companies account for 90 per cent of finance leasing business in the U.K.

Mr. Stuart Errington, chairman of the association, told the annual meeting in London yesterday assets purchased for lease by the member companies last year were valued at £243m., and brought the total of leased assets on their books at original cost to £1.67bn.

The annual report of the association said members were optimistic that this year, particularly in the later months, would see an improvement in capital investment by industry.

Lessors predicted "a more stable demand pattern and a steeper level of borrowing costs," which should produce stable rental rates for companies leasing new plant and equipment.

Generally demand for the leasing of very high value equipment has been good. The report gives the example of several members of the association recently forming a consortium to provide £70m. of lease finance for expansion of a major oil refinery.

Competition among lessors and with other sources of finance had been intense in the first half of this year. The association is uncertain what effect the

restrictions on money supply overall at a higher level than introduced in 1976 will have on the industry. The availability of leasing facilities, the association believes, towards the end of 1977 but would be inappropriate to comment before the Exposure Draft is issued by the association.

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State of
company
finds
well off

HOME NEWS

Oil policy could cost Britain £600m.

BY RAY DAFTER, ENERGY CORRESPONDENT

OIL companies could lose more than £800m. in revenue in the exports, this being the premium to be one of the biggest oil refineries in Europe. Britain might offset this handling North Sea crude from loss to some extent by the export of a number of fields linked to the project, but the scope was limited. There was a big surplus of crude oil in the United Kingdom.

The warning emerged from a report on North Sea oil which urged that U.K. refiners should be allowed to continue operating with large volumes of lower-grade crude from the Middle East.

Stockbrokers Wood Mackenzie said in the report it would be in Britain's interest to export premium grade North Sea crude rather than use most of it to run the country's refineries.

The Department of Energy maintains that up to two-thirds of North Sea oil should be refined in the U.K., although it is tending to drop the "up to" prefix in discussions with oil companies.

Lord Kearton, chairman of the State-owned British National Oil Corporation, questioned the wisdom of refining two-thirds of North Sea production in Britain when he presented the corporation's annual report and account recently.

Oil companies have argued that only one-third of the crude oil fed into refineries need be of North Sea oil grades to meet U.K. product requirements. It would be possible to sustain the product mix with continuing large-scale imports of heavier crude oil, which would be paid for from the revenue received from North Sea oil exports.

Wood Mackenzie calculated that oil companies would lose \$1

Energy conservation plan on the way

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT is preparing a new energy conservation industrial and domestic programme to restrain fuel imports once North Sea oil and gas begin to run out.

Dr. John Cunningham, Parliamentary Under Secretary for Energy, said yesterday that spending on conservation might be the cheaper way of helping to bridge the expected energy gap between investing in generating new energy forms.

"A barrel saved may well be cheaper than a barrel produced," he said, opening the "Innovation '77" exhibition at Wembley.

Petrochemical feedstock unlikely to alter radically before 1990

BY KEVIN DONE, CHEMICALS CORRESPONDENT

ANY RADICAL change of feedstock for the petrochemical industry is unlikely before the 1990s, and the advent of North Sea oil will have a less significant effect on feedstock patterns than has been imagined, according to speakers at the Eurochem conference in Birmingham yesterday.

Mr. Michael Bennett and Dr. Aubrey Kohli, of Chem Systems International, said there would be few major changes in the next 20 years in Europe and most other regions, although coal would be playing a major role in the U.S. by the late 1980s for ammonia and methanol production.

Over the next decade, however, both lighter and heavier fractions of the oil barrel would be used for the production of olefins—ethylene, propylene and butadiene.

Most new production plants would be built with a greater degree of flexibility to allow more varied use of available feedstocks, mainly naphtha and gas oil.

Mr. Lawrence Waddams, manager of the marketing services division of BP Chemicals, said the advent of North Sea oil would change the pattern of feedstocks, "but not as much as many people imagine."

The availability of ethane (the most economical route to ethylene) from the North Sea was of major significance, but few supplies—except for production of natural gas liquids, ethane, propane and butane from the Brent Field—would be available, before the middle and later 1980s.

Such production would have to come from facilities not yet sanctioned—and Mr. Waddams expressed doubts about the viability of the Government's proposal to build 22m. North Sea gas gathering pipeline system. Potential production would also face considerable market constraints.

Future projections for demand for ethylene, propylene and butadiene have become increasingly conservative, Mr. Waddams added.

Looking beyond the opportunities afforded by North Sea oil and gas supplies, Mr. Syd Andrew, senior research associate at Imperial Chemical Industries, said there would be no significant switch from an oil and gas-based petrochemicals industry to a coal-based industry worldwide for many years.

Such a switch would not occur as a significant percentage of the total until well into the 21st century.

Over this timescale, synthetic

National Water Council raises £24m. Euroloan

BY DAVID FREUD, INDUSTRIAL STAFF

THE National Water Council, the Yorkshire, Northumbria and Lancashire, South West water authorities, has borrowed an additional £24m. from the European Investment Bank, the EEC's long-term finance institution, bringing the total provided by the bank to the U.K. water industry for payment of interest and repayment of principal over the last two years to £77m.

The loans will be used to exchange rate at which the loan apply and sewerage schemes by was originally drawn.

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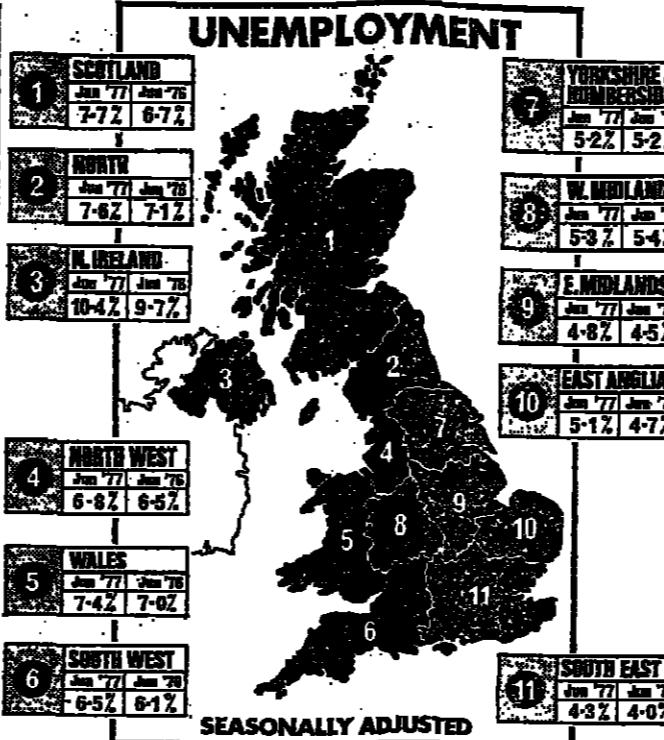
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on June 8, 1977 pursuant to the
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in Luxembourg

June 20, 1977

PHILIPS



LABOUR NEWS

Post Office Engineering Union rejects pay curbs

BY OUR LABOUR STAFF

DELEGATES to the 125,000-strong Post Office Engineering Union's annual conference in Blackpool yesterday decided to reflect any further phase of pay restraint. They accepted a recommendation from the union's national executive to oppose a new deal despite having supported pay policy for the past two years.

Yet the conference did reject demands to by-pass a pay settlement under the current Phase Two guidelines to try and achieve a better deal after July 31 when the present policy expires.

This strategy was defeated on a card vote of 71,432 to 49,111. The union's members are due to get their £250-£4 settlement under the current policy on July 1.

The conference's decision to accept the executive recommendation on pay means they will vote against any Phase Three deal that might emerge from Government talks between the TUC.

They consider that even if

there is such a deal, and if it is by a card vote of 70,938 against 52,199, after debate in which the union's executive overcame Left-wing attempts to defeat the plan.

Conference also endorsed by a slightly smaller majority the executive arrangements for the telephone service is expected to go through in the next few years, and they are also determined to make progress on a claim for a reduction in working hours by industrial action, if necessary.

Earlier, the conference accepted the plan for industrial democracy in the Post Office. This proposed two-year experiment already has the approval of the Union of Post Office Workers.

Between them, the two unions represent about three-quarters of the Post Office labour force.

At national level, each of the two major unions expect to have two seats on an enlarged Post Office Board, with the other unions taking three seats between them. The POU will elect their two Board members

tomorrow.

After the vote, Mr. Tony Carter, secretary-general of the Council of Post Office Unions, said: "We shall be proceeding with our discussions with the Post Office on details required to set up the experiment, which we hope will start in January."

The experiment is aimed at introducing union representation into decision-making areas at national, regional and local levels. After two years, the position will be reviewed.

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Young 'must be trained in vital skills'

BY PAULINE CLARK, LABOUR STAFF

AN UNOFFICIAL strike by more than 1,000 maintenance engineers at Otis Elevators entered its fifth week yesterday.

Residents in the blocks of flats have been affected although company engineers, superintendents, who are operating an emergency service, deny that cases of real hardship have occurred in high rise flats. The dispute stemmed from an incident involving London Transport when a group of Otis engineers were asked to pay for a security guard to supervise their use of a side access door at a station.

In London, 300 members of the Electrical, Electronic, Telecommunication and Plumbing Union are striking. Other cities affected include Manchester, Liverpool, Nottingham, Bristol, Glasgow and Leeds. Many other sub-stations in the Otis network, however, are paid to be operating normally.

Strikers are planning to meet management tomorrow to reiterate their demand for reinstatement with back pay after their suspension by the company.

The considerable reduction in the intake of apprentices into the engineering, shipbuilding and allied industries will, in all probability, prove to be a most short-sighted policy by the employers.

When industries were again prosperous, employers would run to the unions asking for "dilution"—a watering-down of skilled requirements.

Employers would be faced with a shortage of skilled workers—a shortage of their own making.

Engineers have agreed to back the NCB line and are urging ministers to assist the industry by getting the development of the 1988 Town and Country Planning Act and have been Sir Derek Kerr, the NCB chairman, told mining unions in the meeting that "it was essential that the nation should start on what will be Britain's biggest ever mining project at Colliery, Overton, involving an investment of £100m. in the coalfield of Douglas, Isle of Man."

However, the Board does not support a public inquiry into the coalfield.

A Public Inquiry Commission would be a much more formal and lengthy inquiry than the usual public planning inquiry.

Powers for such a commission on matters of major planning importance were first provided by the 1968 Town and Country Planning Act and have been Sir Derek told mining unions in the meeting that "it was

essential that the nation should start on what will be Britain's biggest ever mining project at Colliery, Overton, involving an investment of £100m. in the coalfield of Douglas, Isle of Man."

Present NCB plans envisage that this coal was urgently required.

The Selby coalfield inquiry lasted for 47 weeks.

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A Public Inquiry Commission would be a much more formal and lengthy inquiry than the usual public planning inquiry.

Employers would be faced with a shortage of skilled workers—a shortage of their own making.

Power for such a commission on matters of major planning importance were first provided by the 1968 Town and Country Planning Act and have been Sir Derek told mining unions in the meeting that "it was

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June 17, 1977

GARDENS TO-DAY

Where fashion leads in the choice of plants

BY ROBIN LANE FOX

THE DISAPPEARANCE of so many old violets, noted last year before the family of August and trailing gaudily over the hardy geraniums. They have been over a wide area until its leaves are faced with yet another dark. Be warned that I have never seen a town garden or a gloomy space found it easy to propagate. Just beneath the trees. The best makes a long forked tap-root which it could have offered. The hepatica, for example, is a relative of the spring anemone which has now dropped out of most gardeners' interest. But in 1923 we could have bought any one of the choice of seven-pinks, whites, blues, and even doubles.

At least these spring flowers have been replaced by a better, if little known, variety, bred as a hybrid. Sold as *Hepatica Balaurea*, its large sky-blue flowers are as fine as you could imagine. I have seen it once as an edging to a shaded bed growing in a line some 5 yards long. It is not easily forgotten. The owner remarked that it was difficult to divide, but could be split if disturbed as soon as its flowering was past. In April I have never dared to upset my own two plants which live there, in isolation. If you see it for sale, ignore the high-highest price and buy ten. They are extremely easy to grow well as long as you mark their site as they tend to vanish for part of the year. Give them leaf mould or the like. About 9 inches high they actually prefer to be in semi- or full shade.

Otherwise, where have our fashions led most to new plants? Hybrid Tea and other bush roses are unrecognisable of course; we have also rescued many old roses which I would suspect to have been on the way out, sometimes deservedly, by 1930. We have many more compact border plants, variations on those which needed staking. The big families have been well done by, the iris, the tree peony and the delphiniums: all the things, in fact, which cheer up the days between bad bets at Ascot and watching the British hopes be driven off the court in the first few sets at Wimbledon. The newer Oregon lillies, especially the large trumpet-flowered lime greens and yellows are an exciting innovation, even if they are at times reluctant to persist: I consider them to be so good that they are worth buying every two or three years. *Auriculas*, true laced pinks and hybrid violets: are our losses.

For sheer value and usefulness I believe that we look more than white rounded flowers in late July, in late August and trailing gaudily over the hardy geraniums. They have been over a wide area until its leaves are faced with yet another dark. Be warned that I have never seen a town garden or a gloomy space found it easy to propagate. Just beneath the trees. The best makes a long forked tap-root which it could have offered. The hepatica, for example, is a relative of the spring anemone which has now dropped out of most gardeners' interest. But in 1923 we could have bought any one of the choice of seven-pinks, whites, blues, and even doubles.

The subtleties of the plant are to be kept, sliced off in the spring taken from root cuttings, per-

haps from one from the Caucasus when the plant is still negligible which I and other friends treat as its first leaves are about to carelessly, although catalogues appear. It dies back often present it as if it were conveniently, because it leaves the fussy and difficult. Perhaps this right sort of space at the right variety likes the light soil on time of year for a cover of which it grows wherever I see crocus or spring bulbs.

The subtlest flower is to be kept, sliced off in the spring taken from one from the Caucasus when the plant is still negligible which I and other friends treat as its first leaves are about to carelessly, although catalogues appear. It dies back often present it as if it were conveniently, because it leaves the fussy and difficult. Perhaps this right sort of space at the right variety likes the light soil on time of year for a cover of which it grows wherever I see crocus or spring bulbs.

Attraction

The leaves, to my eye, have always been the attraction. They grow into a solid mound some 8 inches or so high but this year, the greyish white flowers marked with lines of slate-violet, are abundant. Perhaps because of the dry weather, or because my plants have not been disturbed to give away more stock. The shape of each flower is nearly cut and unusual if a little ragged. Not a splash of colour but a good flower to contemplate in a sunny place as you wonder why it is better than a wild weed. Its like its scent and consider it shape contrasts splendidly with the upright clump of iris, which cannot afford other contrast and compactness are the people's labour.

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July 1977

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PARLIAMENT and POLITICS

Tory attack on price controls beaten off

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A TORY ATTEMPT to abolish the role of the Price Commission is as the purely counter-inflationary. The latest was defeated in the Commons last night after Mr. John Fraser Minister of State for Prices had told the House that the Government wants the new Commission and some form of price control to continue on a permanent basis.

The Conservative amendment to the Price Commission Bill sought to review the existence of the Commission in 1978 and 1979 and to wind it up by 1980.

The amendment was defeated by a majority of 20 (285-265). The Liberals voting with the Government.

The Conservative attack on the legislation came at the start of a two-day debate on the report stage of the Bill which has already been badly mauled during the committee stage.

Mrs. Oppenheim reminded the House that Ministers were now saying that inflation would be down to single figures next year. "If they do not accept our amendment, then it will be taken as an indication that inflation may still be very high by the end of 1980—a spine-chilling prospect."

From the Government front Bench, Mr. Fraser argued that it was essential to maintain a permanent institution on prices with permanent powers. It was necessary, he said, because the Monopolies Commission, by its very nature, is unable to sharpen up competition and protect the consumer from abuse. This had been shown in the case of TV rentals.

Some form of permanent Price Commission was necessary to restore confidence in business and industry, it was necessary to give a definite date for the total abolition of the Price Commission.

It is absolutely essential that business and industry should be given a definite date beyond which they will be free from price and profit controls. The latest possible date is 1980," she said.

"At least, if they knew the end was in sight, their forward planning would not be as completely shattered as it is at present. We believe that as soon

Mr. Hattersley had only said that the present code should have a definite life. However, the Government did not see a permanent separation of identity of the Monopolies Commission under the Redundancy Rules from the work of the Price Commission. Voting was 114 to 55, a majority of 56, against the Government.

The proposal, moved by Baroness Ellis (C), had the backing of the Liberals and Lord George-Brown, who now sits on the crossbenches.

The Bill enables the amount of rebate payable to an employer from the Redundancy Funds under Redundancy Payments Acts to be varied.

Lady Ellis said that the Conservative proposal would require the Employment Secretary, before making a variation order, to take account of the size of the fund and any expected number of redundancies which might have a considerable effect on the size of the fund, either putting it into deficit or affecting its balances.

The Bill had steadily increased since December last year and was now over £12m. in credit. There was no necessity for a variation in the near future.

Speaking of his regret that Left-wing amendments to the Bill had not been chosen for debate, he said: "We would have liked to see the Commission being able to freeze prices completely and make firms enter into planning agreements."

Lord George Brown said that the House would be acting against its responsibilities to allow the Government a Bill which provided no check on the action of the Employment Minister might take under it.

He was trying to ensure that the Government would not make an "economic ass" of Parliament and make the country's economic situation more of a nonsense than it already was.

Liberals believed that intervention by Government in the prices held was the price that had to be paid for seeking full employment.

Mr. Joseph Godber (C, Grantham), chairman of the Retail Consortium, said retailers were worried by the permanent nature of the Commission. He had been a member of the Heath administration which introduced the original Price Commission and the Pay Board.

What the Conservatives proposed was of little or no practical effect and added unnecessary to the wording of the Bill. It was not appropriate or necessary.

The committee stage of the Bill was completed.

Peers limit Minister's power to vary rebate

Sheldon promises study of wider tax exemption

BY IVOR OWEN, PARLIAMENTARY STAFF

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Fraser hints at statutory safety standards in Bill

BY DAVID FREUD, INDUSTRIAL STAFF

THE GOVERNMENT is considering giving British Standards statutory recognition in the Consumer Protection Bill, which comes before Parliament in the next session, Mr. John Fraser, Prices and Consumer Protection Minister, said in Blackpool yesterday.

He told the annual conference of the Institute of Trading Standards Administration that one of the key proposals in the legislation would be a general duty requiring suppliers of all consumer goods to ensure they were safe.

Compliance by a supplier with the relevant safety aspects of any national or international standard approved by Order would be enough to satisfy the general duty.

"I question whether we are right to continue to deal with these questions on an individual basis. Would it not be better to consider taking powers to regulate by subsidiary legislation any trade or activity which gives rise to consumer detriment?"

Mr. Callaghan said he had been in touch with the Press last week, and negotiations should be a little better

designed.

Mr. Callaghan replied: "I do not think that would be terribly persuasive. If you still hope as I do, that Concorde will be allowed landing rights in New York, I suggest your tactics should be a little better designed."

Mr. Callaghan replied he had been in touch with the Press last week, and negotiations should be a little better

were continuing.

Written Answers

TREASURY

Mr. John Lee (Lab, Birmingham, Handsworth). What is the total number of civil servants engaged in the collection of EEC levies upon foodstuffs imported into the U.K. What is the total annual salary bill for these civil servants? Whether the Commission is to assume all or part of the responsibility for payment of these salaries from January 1, 1978, when the levies are to be paid to EEC funds?

Mr. Robert Sheldon, Financial Secretary. Staff numbers and annual cost arising from the collection of EEC levies upon foodstuffs imported into the U.K. cannot be isolated from those relating to the administration of customs control as a whole. The Commission will not be assuming direct responsibility for payment of the salaries of any of this staff from January 1, 1978, but under the Community system 10 per cent of the amount established by each Member State as EEC customs duties and import levies will be returned to it to defray cost of collection.

Mr. Iain Stannock (Con, Bromley, Orpington). Why the declaration on the form of return for VAT does not include the words "to the best of my knowledge and belief" as in the case of the declaration on the return from income tax?

Mr. Robert Sheldon. It is not

Customs and Excise practice to

include qualified declarations on

forms, and there were no such

qualifications on the forms used

for 30 years for Purchase Tax.

I am not aware that any difficulty

has arisen from this practice.

Mr. Nigel Lawson (Con, Bury).

What would be the increase

in the budget tax revenue in a

full year as a result of the

use of the regular regulatory

powers to their fullest extent?

Mr. Robert Sheldon. The full

year revenue yield would be

about £140m.

Investment check Bill rejected by 15 votes

MPS REFUSED yesterday for the introduction of a Bill to set up an organisation to monitor investment in Britain by multinationals companies.

Mr. Doug Boyle (Lab, Nelson and Colne) was defeated by 15 votes (176-161) in attempt to establish an Investment Board. He said that the object would be whether investment by foreign companies would benefit British economy or damage it.

"Investment has gone property, into gambling and of it into manufacturing. lot of it is candy floss," he declared.

Mr. John MacGregor (C, Norfolk), opposing the Bill, foreign investment had been to benefit to the public and investors would be fringed if they now investment directed for political purpose. There were existing contraventions of the shape of the Monopolies Commission which were live.

Often, foreign firms came Britain and introduced management techniques became better employers. need in this country as foreign investment as we want to see greater investment," he said.

PM rules out banks takeov

By John Hunt

THE PRIME MINISTER to Commons yesterday that he had no intention of putting Cabinet any proposals for nationalisation of banks insurance companies.

Replying to Tories who asked him about the divided view of the Cabinet on the matter, said that the question did not arise.

Mr. Peter Blaikie (C, Blackpool South) asked: "Are we to expect another subject which the doctrine of collective responsibility is likely to be suspended?"

But Mr. Callaghan said it was a lot to be reviewed matter of banks and insurance companies. Nothing in the under heaven was suspended, and that was when Harold Wilson's committee currently reviewing the issue.

THOMAS LOCKER (HOLDINGS) LTD.

"ALL TIME RECORD"...

Mr. J. R. Locker
Chairman

Summary of Results

	1977	1976
Sales	£600	£600
Profit before taxation	2,025	1,500
Profit after taxation attributable to Shareholders	893	600
Dividends	310	200
Profit retained	583	300
Earnings per Share	2.23p	1.62p
Assets per Share	22.06p	20.37p

Extract from Chairman's circulated statement

FUTURE PROSPECTS.
Most companies in the group commenced the year on a high level of activity and order books are well in excess of last year. The group is making a determined and comprehensive attack on world markets, which I hope will enable us to continue to present steady progress. With the diversity of our products and the geographical spread of the markets served, I look forward with confidence to the group producing another good result this year.

Copies of the 1977 Annual Report & Accounts are available from the Secretary, Church Street, Warrington WA1 2S

Electrocomponents Limited

Trading results for the year to 31st March 1977 (Subject to audit confirmation)

	2nd Half year	Full year	Full year
External sales (after Customers' bonus)	13,249	22,849	15,852
Profit before taxation	2,950	4,538	2,849
Corporation Tax (52%)	1,537	2,363	1,485
Profit after taxation	1,413	2,175	1,364
Increase (%) on corresponding period			
External sales	53.0%	44.1%	24.1%
Profit (pre-tax)	104.0%	59.3%	11.4%

At the Annual General Meeting to be held on 30th September 1977 the Directors will recommend a maximum permitted final dividend of 2.4873p per share, based on the present advance corporation tax rate of 35%. Should the rate of advance corporation tax be reduced in 1978, the dividend will be appropriately increased.

Copies of the Report and Accounts will be available from the Secretary, Electrocomponents Limited, 13/17 Epsom Street, EC2P 2HA; from 31st August 1977.

Britain's biggest electronic components distributor

The Management Page

EDITED BY CHRISTOPHER LORENZ

Seagram has not become disenchanted with the U.K. despite a bad trading year.

Exporting as the answer to a problem

BY KENNETH GOODING

IT WAS an unforgettable Press December 1974 and who conference. Ostensibly the recently also became chairman, objective was for Mr. Edgar M. "In the long term there can be Bronfman, chairman of the "good profit potential" Seagram Company, to announce. The rationalisation of the £20m. expansion programme U.K. sales operations has in the U.K. But a few weeks already cut annual losses from earlier he and his former wife around him to the break-even had been locked in a legal level at a time when the drinks tussle in the English courts. So business is not exactly at the Press conference the bubbling.

Gossip columnists tried to ask. Two years ago the company questions about Mr. Bronfman's was all geared up for a major private life while the rest of the expansion in the U.K. market, we were trying to find out more. It had three sales companies about Seagram's financial aims, actively competing against one another with hundreds of brands between them. But the

But in the resulting mêlée, another with hundreds of one remark came through loud brands between them. But the and clear. In justification of the investment plans, Mr. Bronfman said: "As the world's largest group in the drinks business we are not big enough in the same time the Price Code made it impossible for companies to take evasive action by improving.

Unfortunately for Mr. Bronfman, his timing could not have been worse. Less than four months later—in April 1976—he had to be what Mr. Lamberth thought in a less spectacular fashion. Seagram announced an "agreement." The three sales companies were merged, head investment scheme, because once functions were eliminated of the economic climate and staffing streamlined. That the general uncertainty of the cut out 280 jobs (including 135 redundancies), leaving Seagram

Since that time Seagram with 2,300 employed in the Distiller, the U.K. subsidiary, has slimmed down its sales. A brand new £1.5m. computer operations substantially. The controlled distribution depot work-force has been cut by at Dunstable, which turned out nearly 11 per cent, companies to be a gigantic white closed down and brands disappeared.

Seagram switched the distribution. Seagram, after all, of its products to outside totally disenchanted with the contractors, a move which is U.K. market? "No," says Mr. currently saving about half of Roger Lamberth, who took over what it would have cost with managing director of the the depot still in use. The company in any hope it has now found a



Three major products in Seagram's slimmed-down range against a background of the Strathisla Distillery in Banffshire, claimed to be the oldest operating malt distillery in the Highlands

buyer for the Dunstable operation resulted in two being dropped. penetration. But we won't buy volume at the expense of profit."

Mr. Lamberth confesses that Seagram had previously been "confused about its role." On the wine side it could not make up its mind about whether it should be a supplier of Seagram wines from Europe—the group has major wine interests in all the main producing countries—or should sell other people's.

Swept out

So, while the companies were being merged, every single non-Seagram-owned product was swept out of the portfolio. "The savings were colossal and the market penetration after the immediate set-back has not suffered," claims Mr. Lamberth.

Some Seagram brands which have no relevance in the U.K. because there is no demand for products of their style were also dropped. They included Boodle's gin, a premium gin which does well in the States and Benchmark bourbon, another premium-priced product. Where there was duplication of brands Seagram dropped most of them. For example, it had three of its own vodka: two were dropped and the company now concentrate on the Orloff brand. A country. "My declared intention is to get a better market

Now that U.K. overheads are at a reasonable level, Mr. Lamberth found the next step is to start building again in this

similar situation in which the market is to move up steadily. But they have a long

document on what it sees as the serious flaws in the working of the customs union.

In the U.S., the prime whisky export market, its two major brands, Chivas Regal and Chivas which sells at £30 a case, is rationed to 40,000 cases of

On target for £15m. in this financial year, compared with £8m. for the year to last.

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Now that U.K. overhead

JULY 1977

European Vehicle Components

The motor components industry is developing on a truly European basis. While rationalisation is slowing down, there is an increasing overseas effort, particularly in the U.S., where European groups are beginning to supply more and more local manufacturers.

ONE OF the most striking reason is the buying opportunities of the development this created by the rapid readjustments which have occurred since the formation of the EEC in European currency rates in the motor industry. All the past ten years, these have been the largest countries within encouraged buyers to go further the group have national car aimed for components, Britain and truck industries which, in particular, having gained until about ten years ago, from this move because of its effectively kept foreign imports and competitive exchange rates.

The two most obvious protagonists of change among the component companies in this period have been British and American companies, who have developed overseas for rather different reasons. On the one hand, the British companies have been well placed to adopt an international posture because they have tended to have greater independence from the component manufacturers compared with their Continental counterparts.

This freedom, combined with the troubles of the U.K. vehicle manufacturing sector in the last ten years, has given them every reason to search out new markets.

By contrast, the U.S.-based concerns have come to Europe as part of the worldwide multinational drive which got underway in the mid-1960s. Europe at that time was seen as a significant growth market compared with North America where new car sales were flattening out.

Rationalisation

Under pressure on these two fronts, the European components industry has come in concept of "metal working" in for substantial rationalisation its acquisition policy; on the right across the board. Two other hand, ITT, the U.S. large electrical and electronics conglomerate, has picked up, a

company have developed in variety of businesses in building Lucas of the U.K. and Bosch of one of the largest European Germany, clutch manufacturing groups in the last decade, the British company has had, under its wing, among been brought largely under the others, are Teves, the German wings of Automotive Products, brake company, Koni, the Dutch and Fichtel and Sachs, res-shock absorber specialist and respectively, brake production is diverse handful of Italian companies by Teves in Germany, TRW, another American and Girling in Britain, plus a multinational, has spread its net

At the same time, the GKN component manufacturers to open and with the hope of winning further penetration from the British company has had to fight through the German Courts against monopoly legislation, has shown that official opinion is hardening against the establishment of potentially monopolistic organisations. This implies that there will be European producers lies in the

take their expertise into Europe as well. Armstrong Equipment, for example, has recently bought a chain of outlets in Northern France.

Opportunities

Other component manufacturers are also becoming involved in retailing through fast-fit repair centres. Tenneco-Walker, the U.S. multinational which now owns Harmo, the U.K. exhaust manufacturer, and a chain of other producers including a German operation, has now bought the Pit Stop organisation; and ITT has been setting up a similar chain, fitting brakes and shock absorbers as well, on the Continent.

The effect of these moves will be to create larger, more diversified, and more internationalised companies. As they expand, it is also clear that they will be drawing together the technology base of the industry in Europe and the U.S. Component companies are being created, therefore, which measure up to the trans-Continental methods and demands of the vehicle manufacturers they serve.

This means that component importing and exporting, just as the design of cars, will become more international in its shape in future. For the component companies one of the surest ways of ensuring survival will be to manufacture on this scale, keeping the option of supply sources open, and avoiding commitment to one vehicle assembler, or national market, or product.

A growing integration

By Terry Dodsworth, Motor Industry Correspondent

significant presence by Bendix widely in the U.K., whereas Eaton has stayed close to its own U.S. base business in axles and transmissions, a number of U.S. companies—Eaton, Dana, and Rockwell—have made their mark; Associated Engineering claims to be one of the world's largest manufacturers of precision engine parts, and in brake parts Ferodo, the U.K. company which has links with the French Ferodo concern, has established a strong position.

There has scarcely been any common strategy, however, behind this rationalisation into larger groups. On the one hand GKN in the engineering sector has stayed fairly close to the largest concerns in the industry are now part of larger groups. This leaves only smaller operations which either

moves towards more natural, U.S. There is no doubt of the serious growth in the future. Indeed, this seems to have been happening even before the biggest European manufacturers—Bosch, Lucas and GKN are all making very strong sales drives in North America, and it is confidently expected that at least two of these companies will soon have established local manufacturing facilities—indeed Bosch now has a 10 per cent stake in Borg Warner, the U.S. automatic transmission manufacturer.

The best prospects for future growth lie in the few markets where European components are not in great use. Spain, for example, remains a relatively undeveloped market in European terms—its car ownership money into the U.S. Last week companies into middleman activities at the wholesale level is about half that of the rest of Europe—but it is growing fast, paper, Virginia, with the backing of an order from Ford U.S., and a number are beginning to

The part we play in the automotive industry is very big, very small, and thousands of sizes in between.

Without our components, many on and off-road vehicles would never leave the drawing board.

Most vehicle manufacturers in the UK and Europe, and many in the USA, depend on our vast range of components.

From the humblest self-tapping screw

to bus and truck chassis frames—all produced to highly demanding specifications.

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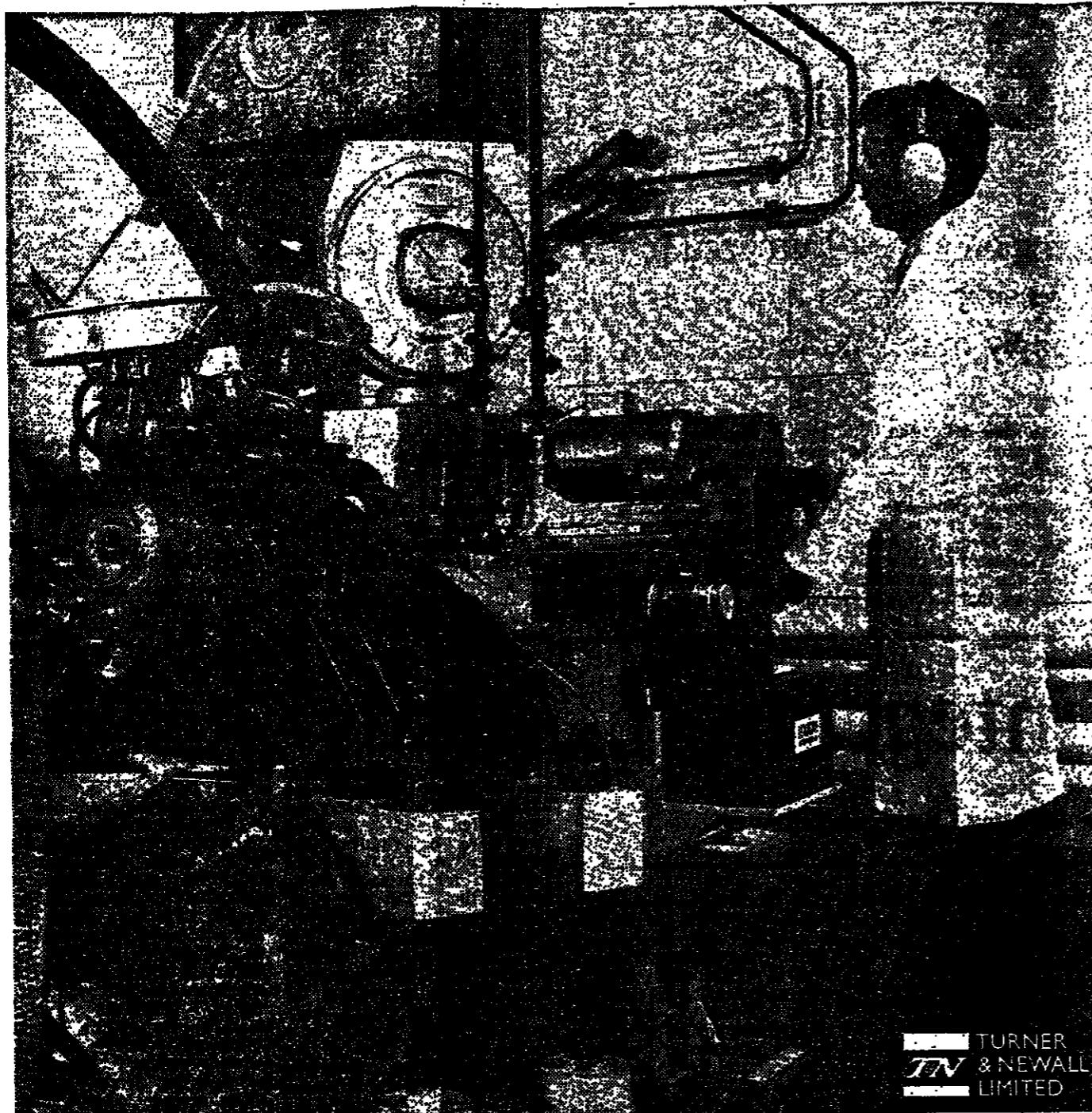


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Concurrently, these names represent 57 years' experience in design and development, and a production turnover now in the region of £125 million per annum.

That doesn't make us the biggest name in the motor industry as a whole, but as far as components are concerned, the AP group serves the best part of the world!

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Manufacturers of Lockheed brakes, Borg & Beck clutches, Lockheed steering and suspension, AP filters, AP silencers and AP automatic transmissions.

EUROPEAN VEHICLE COMPONENTS II

Electronic methods spreading fast

ELECTRONICS HAVE been a slow starter in the motoring field, perhaps because of an inbuilt resistance to change which has kept the motor-car so conservative in design for the 90 or so years of its life. We are still using the same kind of engine driven by the same fuel through the same sort of transmission that we used in the days of the horseless carriage, perhaps because too many people make a living out of keeping things the way they are. Steam and electricity have never made much headway, nor the various alternative kinds of engine like the Wankel, Stirling and others.

Yet electronics now have crept in to be used in half-a-dozen ways in the car and truck engine and other parts of vehicle equipment, leading towards the day when a mini-computer will feed the engine its diet and control its functions. Electronics have in some cases taken over from the old ignition set-up with coil and contact breaker, and there are at least eight different makes of electronic ignition kit on the market. They are also used in fuel injection to replace the carburettor, so that the two main diet items of an engine—fuel and spark—come from this new source.

If a switch is depressed on the panel the logic box changes a particular code in a main sequence, repeated 1,000 times a second, which it transmits along the wire. Each electronic module responds to only one code and therefore the module to which this particular code applies will sense the code change and store this information. When it has received four consecutive similar codes, a safety precaution to prevent incorrect operation due to random voltage transients on the fuel injection code-wire, the module will actuate the accessory to which it is connected. If for some reason the accessory fails to function then a fail signal is sent back along the code wire to the logic box which in turn illuminates a warning indicator on the dash.

In a similar way analogue or varying level signals can be transmitted once they have been suitably coded, and all the normal dashboard instruments which carry many telephone circuits. This was featured on some recent Jaguar models.

There are also two one-wire systems carrying all the wiring functions of the vehicle through one wire, one system made by Lucas and one by Smiths Industries. Lucas calls it a Ring Main, which is Multi-plicing to the Americans, and Smiths uses the name Ecstasy (Electronic Control for Switching and Telemetering). Automobile Systems. Both are likely to

In addition we have fibre optics which enable a large number of electrical circuits to be run in one fine wire, rather like the coaxial cable which carries many telephone circuits.

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move with instant warning of any failure, and every electrical accessory can be checked in seconds on a computer read-out or printed on a service chart.

Other advantages are simple three-pin trailer connection, easier installation, smaller and cheaper switches (because they pass minimal currents) and better dashboard appearance.

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EUROPEAN VEHICLE COMPONENTS III

Major drive for overseas sales

THE KEYSTONE of the big European component companies' growth strategy in the past decade has been overseas sales. Primarily, this has been a move led by the British groups, which have seen the best prospects of expansion in markets outside the U.K. because of the stagnation in domestic sales. But the lead has also been followed by some of the Continental companies, prompted by the success of their indigenous vehicle assemblers overseas.

This drive overseas has been directed towards three major fronts. First, there has been the traditional Commonwealth and Third World markets, where component business has tended to follow the lead of the car and truck exporting activity. In Iran, for example, both Lucas and GKN have set up shop in the wake of the large contract won by the Rootes Group — now Chrysler — for its Hulman Hunter model.

Similarly in Brazil, Alfred Teves, the West German brake company, has established itself alongside Volkswagen.

The second area of growth has been within Europe itself. Prompted by the declining tariff barriers of the EEC, there has been a vast increase in the movement of components across national boundaries in the past decade. The vehicle manufacturing groups like Ford have established international buying organisations which scour the whole of Europe for the best parts, and which have generally tried to secure two different European sources for their most important component supplies. In those cases where it has been difficult, either for technical or nationalistic reasons, many companies still prefer to order within their national boundaries (to export overseas subsidiaries) to export overseas.

A corollary of this trend is the need to support the demand for replacement parts in car export markets. Within Europe, where a great deal of vehicle exporting has developed across national boundaries, this has seen a particularly powerful influence, leading not only to component exports but also the establishment of overseas subsidiaries. British companies which now have a large proportion of their turnover coming from Continental business include Associated Engineering, Automotive Products, Wilmot Breedon, GKN, Lucas, and interim of freight forward exports, Smiths Industries, Britax, the seat belt company, and Triplex, the glass and windscreens manufacturer.

Infancy

The third opportunity for the European companies is in the North American market. This trend is still in its infancy, but in the last two years or so a number of companies have shown that they have designs in the U.S. which has a vehicle market of roughly the same size as Europe itself.

The Chloride Group from Britain has already established a battery manufacturing business in the U.S., and it has been followed by Perkins in diesel engines, and Alfred Teves to make similar designs on U.S. manufacturing, while Associated Engineering has taken a stake in

years, pursued vigorous investment policies in Britain itself.

By far the most substantial amount of this investment is going into diesel technology. Perkins and Cummins, manufacturing engines, CAV making diesel injection equipment, and smaller companies like Weyburn Engineering, making diesel engine parts have all had large-scale expansion schemes underway in the last 12 months.

With an annual world growth rate of at least 8 per cent a year, the diesel engine business is bound to create significant business opportunities in the next decade.

In the U.S. for example, where about 200,000 light trucks are sold every year, with only a few diesels among them, there are very healthy expansion prospects. If U.S. cars also convert to diesels in some numbers — and General Motors will soon be test marketing a diesel Oldsmobile at a reported 200,000 units a year — the demand will be difficult to meet. Already British companies are beginning to supply big improvements in exports of their diesel parts.

The U.S. is also creating opportunities for European manufacturers because of the pressing changes demanded in the kind of products which have been created by the energy crisis and emission legislation. These two forces will make U.S. cars lighter, and more complex. This, in effect, means that virtually every component in a car is being systematically redesigned in order to take out metal and therefore weight.

As this programme gathers pace, the U.S. manufacturers are looking to Europe with renewed interest to see what techniques can be borrowed rather than designed from scratch. Small, diesel engines is one example of an area where European expertise has developed further than in America; front-wheel drive technology is another. Some estimates suggest that by the early 1980s about 25 per cent of all the cars made in the U.S. could be front-wheel drive, which means a considerable miniaturisation in U.S. components because in the past neither space nor weight have been such crucial factors in American design as ease of maintenance and smoothness of operation.

Associated Engineering Group Companies

U.K. COMPONENT EXPORTS/IMPORTS 1976

1976 1975 % change

Value of exports in £m. 1,502.5 1,142.9 +31

Value of imports in £m. 551.1 385.8 +43

Fuel

CONTINUED FROM PREVIOUS PAGE

Stability

Although some engineers argue that aerodynamics are more important in achieving road-going stability in a car, indeed, the safety has been a key point in aerodynamic development — many designers claim that an efficient shape can be worth at least 5 per cent on fuel consumption.

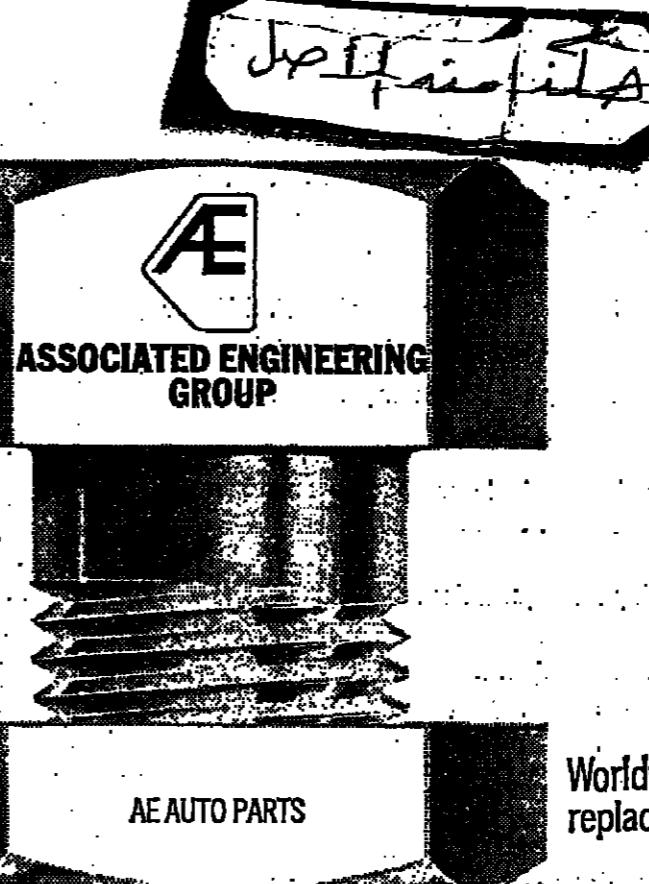
This is why so many cars are now being given a drop-nosed appearance as in the Rover 3500 (which has improved petrol consumption significantly on the former model) or the Citroen CX. Even small hatchbacks like the Fiesta now have been much more cause to design aerodynamically, the pressure is on to find better ways of trimming on materials. The Ford Fiesta, for example, was designed with the simplicity of its components, along with a minimum number of parts, in mind.

One short-cut in cutting down on component weight will be the electronic route — substituting mechanical control and command systems with tiny computerised systems. Various instruments are already being converted to electronic control, and Smiths Industries, for example, is developing an electronic solid state instrumentation display.

In steering technology, as well, designers are now switching to the rack-and-pinion method because, although this system demands fairly inflexible positioning within the overall engineering of the car, it is lighter than most rival steering devices.

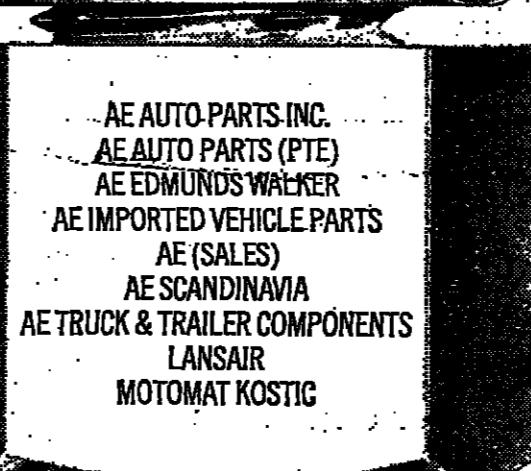
The search for lighter components is also being conducted over a wide front. In America, for example, engineers are now looking very hard at European methods, particularly in the technology which has sprung out of the front-wheel-drive concept. But possibly the most significant change to-day is that all design work is now taking size and weight into account as one of the vital factors in the development of new components. As an engineer from one

T.D.

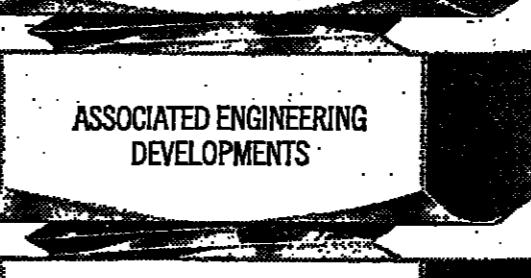


AE AUTO PARTS

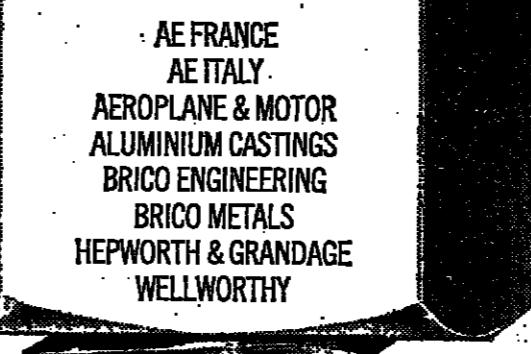
Worldwide distribution of replacement engine components.



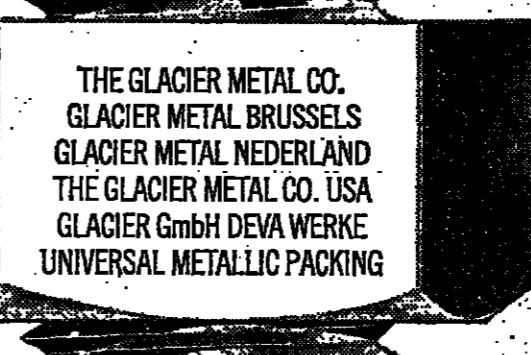
Distribution of replacement engine and chassis components in UK, Austria, Canada, Portugal, Singapore, Sweden, USA.



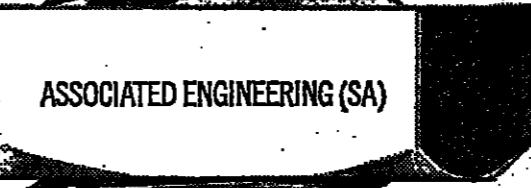
Central R & D



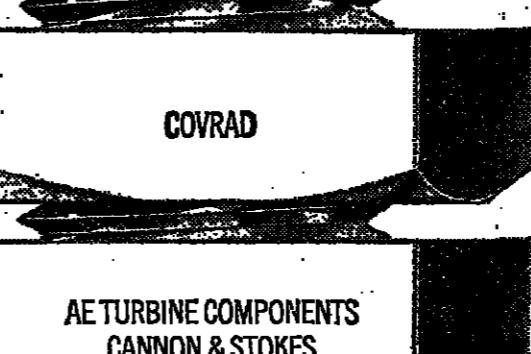
Cylinder components — pistons, piston rings, ferrous and aluminium castings, sintered components.



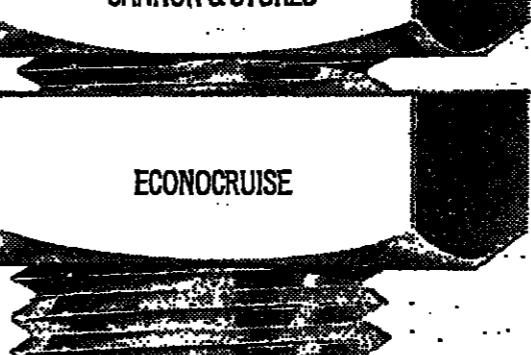
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Our companies are united by a common thread

Associated Engineering Group Companies are specialists in anticipating and meeting the changing technical requirements of original equipment manufacturers and servicing the ever present demands for replacement parts.

With much in common, each company nevertheless pursues its individual course. Each is able to extract the maximum benefit from the mutual interdependence of an advanced technology group, yet retain its identity to its customers as a smaller, vital, specialist. The

group contributes the financial muscle to ensure stability and growth.

For the group's many varied products a number of interdependent technologies are applicable. The knowledge obtained over the broadest spectrum becomes available to speed the solution of any problem — large or small.

Currently some 40% of the group's sales are made overseas through direct exports or local subsidiaries. Twenty-five manufacturing licensees in 16 countries reflect the high technical standing of the group's wide product range.



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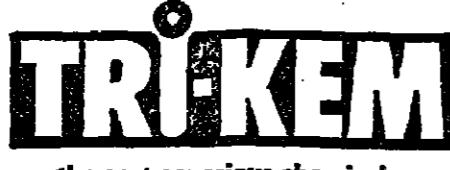
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The Triplex Ten Twenty windscreens won the AA Gold Medal for safety. On your right, the reason why.



Representation of injuries sustained by dummies in 50 kph head impact tests.

Conventional laminated windscreen

Triplex Ten Twenty laminated windscreen

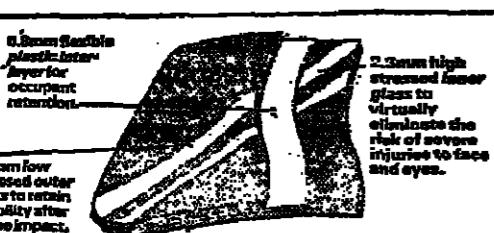
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EUROPEAN VEHICLE COMPONENTS IV

Battery limitations

EVEN WITH the most optimistic forecasts of the ability of the internal combustion engine to solve energy problems and the most pessimistic forecasts of economical use of electric materials gives them a place in the development of electric vehicles. It is nevertheless clear an integrated system perhaps that they will have a positive particularly for commuting and role to play for limited purposes inner city working. Current at least. That, at any rate, examples are the ubiquitous appears to be a consensus view milk float and bread delivery from European capitals, and van or the city bus with many one which is all the more impressive since field trials with a regular route and pattern of various types of electric work.

vehicles have given little immediate comfort. The kind of electric two-wheelers could

time scale local authorities place mopeds. The development research establishments, manufacturers and others are looking shape that can be coupled to a

at is 20 years hence, when North Sea oil begins to run out, and in any case be extremely instance. Battery driven cars could also have a part to play

in households where there are two or more cars used for regular commuting or shopping.

But the most effective, and certainly one of the most challenging applications, is in bus transport. Public transport operates in a programmed vehicle environment. At peak

periods there are twice as many vehicles on the road as at other times, so that 50 per cent of a fleet operates for two or three hours a day at speeds of around 10 mph. Thus the operating range is around 35 miles per tour of duty.

Two electric buses—Chloride's Silent Rider and Lucas's smaller "midi" bus—have been in operation in Manchester since the early months of 1975. Passengers like them very much,

but availability was less than 50 per cent for each, which compares with 80 per cent for the diesel buses with which they were being compared.

Major causes of failure were the controller unit in the Silent Rider and the experimental batteries in the "midi." In both the

regenerative braking feature caused problems. The "midi" vehicle's capacity in use could be van accelerated from 0 to 60 mph in 12 secs and has a route, came very close to being able to complete an eight-hour shift without recharging.

In France EDF has been promoting the development of electric vehicles for several years past and in 1973 concluded a co-operation agreement with

Regie Renault. Specifications for utility vehicles have been

drawn up by potential public users, and an international bid has just been launched as a

source projects, like a battery prototype vehicles to be manufactured and setting-down that would

be in operation for some years.

Boats for use on canals and other waterways, both for refuse collection, be recharged during the

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been in operation for some years.)

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Mixed fortunes for diesels

EVEN BEFORE the fuel crisis development of alternative engines since it was except development of alternative engines since it was except

ally difficult to recover higher capital cost.

North America is now the market beckoning diesel engine and component suppliers, there is a whole range petrol-powered equipment to replaced. The competition do so will be intense, but among U.K. makers—Perkins, Rolls-Royce, British Leyland and Gardner—and component suppliers like CAV, which is 30 per cent of the world market for injectors, and GE which already has picked up big U.S. contracts, have a better chance of winning substantial share of the market for imported, advanced products.

In Europe, the biggest market potential has been identified the light van and truck (under 6 tonnes) where dies figure of about 30 per cent. In this sector of the market growing by around 15 per cent a year.

This year demand for dies in the U.S. is expected to rise ahead of that in Europe, reflecting the different rates of economic recovery, and the occupation with environmental standards, particularly

crowded cities, and which bound to siphon off some market that would probably otherwise have gone to more progressive purposes. But from demand should strengthen appreciably, possibly even in developing regions like the Middle East and Australia than in some industrial countries.

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J. T. Marshall

A strong American presence

WHEREAS THE big multinationals still highly fragmented in the early 1960s, it was some way before roots in the 1930s, behind the car assemblers, who component groups only set out to create larger groups in order to achieve better management in earnest in the 1960s. For manufacturing economies, and were beginning to look for component moves overseas began operations with the necessary size both to manufacture in consistent high volume and to keep costs down.

There is little doubt that the U.S. companies have contributed a great deal to this process of achieving greater size and efficiency. ITT and TRW, for instance, are noted for the strength of their financial control systems. Although they run extremely diverse groups on a loose managerial rein, each individual manufacturing unit retains a great degree of autonomy — there is general agreement that management has been tightened up by their budgeting systems.

At the same time, some of these U.S. concerns have now reached an impressive scale. Cummins and Perkins are among the largest diesel groups in Europe, while ITT's Teves subsidiary claims to be the largest independent brake manufacturer, and TRW is among the top valve producers.

Clearly size alone can give these manufacturers some advantage over competition. But to this can be added the advantage of being able to pool research and development effort between the different activities. Both the ITT and TRW automotive companies, for example, have access to electronics expertise elsewhere in other parts of the groups, which may prove to be extremely helpful in the development of more electronic component parts.

In addition, the European automotive activities can draw on the backing of the U.S. expertise and knowledge in the same fields. All the big companies that have come into Europe have their own technology in the U.S. Because of the development of smaller cars in America, which will lead towards front-wheel drive and

be able to export some of their technical know-how.

This flow of information basically comes in two forms. First, there is the pure product knowledge, in which American devices are taken and transferred onto European production lines. This trend has been particularly noticeable in the commercial vehicle field, where the needs and the kind of vehicles used have been much more akin in the two markets than passenger cars. Thus Cummins and the transmission companies have tended to use American designs in Europe.

Second, the American companies have brought new manufacturing know-how to their European subsidiaries. Used to producing on a larger scale, and coming from an industrial environment where production engineering is an extremely strong discipline, the U.S. concerns have proved a strong influence in revamping and modernising the industry. With the past year, Eaton, TRW, Cummins and Tenneco-Walker have all been active in substantial investment programmes.

Outlook

The investment activity shows little sign of diminishing although there have been repeated rumours of withdrawals by various companies because of anxiety over political instability in Europe. There is no doubt that most of the U.S. groups have been worried by the political and industrial troubles in countries as diverse as Italy, Britain and Spain. But most of them would be extremely reluctant to retreat to their domestic market, having carved out reasonable profits in Europe and seeing a continuing prospect of growth.

What is happening, on the other hand, is an accelerating trend towards European technology in the U.S. Because of the development of smaller cars in America, which will lead

towards front-wheel drive and

which have their roots in now added to this with an order for Chrysler's new small car. Perkins, bought by Massey-Ferguson in the 1960s, respond to the needs of the has now established a diesel engine plant in the U.S., which

will

be

the

EUROPEAN VEHICLE COMPONENTS VI

The Midlands has long been the traditional home of the British components manufacturers. On the next two pages PETER CARTWRIGHT looks at some of the main companies involved and how they have developed their operations in Europe.

The leading names

LUCAS

MANY PEOPLE accept as almost inevitable America's 90 per cent share of the civil aviation market. British vehicle component makers are not aiming quite so high in their field, but they are well on the way. This applies particularly to specialised products, of which Lucas Industries' Fabstrip is one of several outstanding examples. Fabstrip is a flat version of the complex ear cable harness and can be run under the carpet with substantial savings in assembly times.

It is the sort of product that last year helped to take total sales to £719m. This compares with £584m. in 1970, and this year the figure is expected to reach around £830m. At any rate that is what top management is pitching for in an attempt to break the £1bn. mark by 1980.

Taking into account overseas manufacture of electrical components, brake equipment, diesel injection units, plus sales of aerospace products, 70 per cent of sales are generated outside Britain. Lucas includes the Girling brake interests which have 25 per cent of the European market and, together with licences, 20 per cent of world markets outside the U.S. Its CAV division claims to be the world's largest diesel injection equipment makers, while the vehicle battery division runs neck and neck with the chloride.

As Mr. Charles Davidson, main board commercial director, points out, the 50,000 U.K. employees in 130 factories help to keep the Haddenham (Bucks.) America, where target miles export operation busy by pro. gallon for the "gas Europe has 15 manufacturing plants and 22 service centres, providing it with around 250 tons guzzlers" has been laid down

a week of 40,000 different as 20 miles by 1980, and 27 items. "The other half of our miles by 1985. Like other component makers the factories and then we which have grown up with the countries also contributing a providing spares organisations growing share." Lucas has a in the countries to which commitment to export £150m. vehicle producers export, as products directly in this export year and in the first five that are every bit as technical months we are running slightly any competitive as any others ahead of target." Counting in that can be bought in Europe, direct exports via vehicles or outside it. "Nor should it be forgotten that we are also lamps and other components, closely identified with the the export performance is considerably higher.

In Europe Lucas is reasonably happy with the way events are shaping. "The reduction in tariff rates, to mention one item, has helped to develop business, particularly new contracts," Davidson explains. The next big target for the group is in the U.S. where a bright future is predicted for the electrical division and CAV diesel injection equipment. "We are planning to multiply the present £25m. turnover in North America tenfold by the early 1980s" I was told.

GKN

During this somewhat anxious waiting period GKN is understandably reluctant to talk about it, but a merger would obviously significantly strengthen the group's presence in Europe and take it into new areas. For while it manufactures clutches in the U.K. through Laycock Engineering these are mainly for the agricultural equipment market.

More than 90 per cent of the car clutch market is held by GKN IS the engineering giant of the U.K. automotive component industry, and a major force in the European original equipment market. European sales last year were £250m. out of a total of £630m. for this division, which yielded just over half of all GKN's profits.

As Mr. Gordon Griffiths, managing director, recalling the recent £12m. contract to supply drive parts for a new American front wheel drive car in fwd. vehicles. This is the reason why it was successful in winning the £12m. American contract.

In the U.K. too, its main product area is in transmission parts—propeller shafts for conventionally driven vehicles, power take off shafts for off-road agricultural and construction equipment, steel wheels for trucks and alloy wheels for cars, axles, bearings, truck and crane wheels. Well, that is a good many miles on the clock ago. Nor should it be forgotten that the products we have been working on for the past two or three years look quite interesting too."

mainly for reconditioning parts, employing a considerable number of the 35,000 employees working outside the U.K.—one in three of the overall labour force. The European work force will be supplemented by another 17,000 or so, by the autumn if GKN's bid worth £82.5m. for almost 75 per cent of Fichtel & Sachs, the dominant clutch makers in Germany, goes through. The result of the appeal by the Cartel Office against the judgment of the Berlin appeal court lifting its ban on the merger should be known in the next couple of months or so.

With the European market as a whole only just over half of the U.S. vehicle park, Mr. Griffiths sees a very well worth while expansion of GKN sales "across the board" in the next two or three years without taking into account anything Sachs might contribute. "We have been steadily building up our potential in the European market over the past three or four years and we are now at a stage where we can look forward with even greater confidence to seeing it prosper," he says.

Undoubtedly membership of the European Economic Community has helped the group much more than has devaluation—to secure business. But it doesn't and can't explain why for instance, we dislodged the Japanese from an important diesel component contract. The basis was a deeply imbedded technology allied to keen salesmanship and at least as good deliveries."

As Mr. Griffiths points out, it is no accident that GKN provides more commercial vehicle engineering components than anyone else in the U.K., if not in Europe. But he does not like to dwell too long on Europe. He has an acute awareness of the faster growth potential in North America, where energy (fuel) conservation legislation is driving the U.S. auto industry towards the economical front wheel drive

systems now widely employed throughout Europe, and the developing markets in South America, like Brazil. "We haven't done so badly in Europe, but the other's business to concentrate on truck wheels (GKN) and car wheels. Well, that is a good many miles on the clock ago."

In fact, after an arrangement with GKN-Sanken some years ago each picked up some of the other's business to concentrate on truck wheels (GKN) and car wheels. Well, that is a good many miles on the clock ago."

30 mph . . . 40 . . . 50 . . . 60 . . . ? A new driver guidance system, called ALI (standing for Driver Guidance and Information System) is providing the answers at the extensive Blaupunkt works in West Germany.

Are there icy roads, fog or traffic jams ahead?

Precisely when should you turn off? At what speed should you drive when approaching congestion points? — 30 mph . . . 40 . . . 50 . . . 60 . . . ?

A new driver guidance system, called ALI (standing for Driver Guidance and Information System) is providing the answers at the extensive Blaupunkt works in West Germany.

You get into your car, tap out your destination on a small coding device which looks much like a pocket calculator and from then on, all the information you need concerning where and how to drive is flashed up on to a small display face (no bigger than your hand).

With ALI's guidance you can always take the quickest route. You need no road map, nor any knowledge of the area you are driving in. ALI will give you advance warning of unfavourable weather and traffic conditions all along your route. ALI will even tell you whether it is worth making a detour to avoid congestion spots and, if so, which alternative road to select.

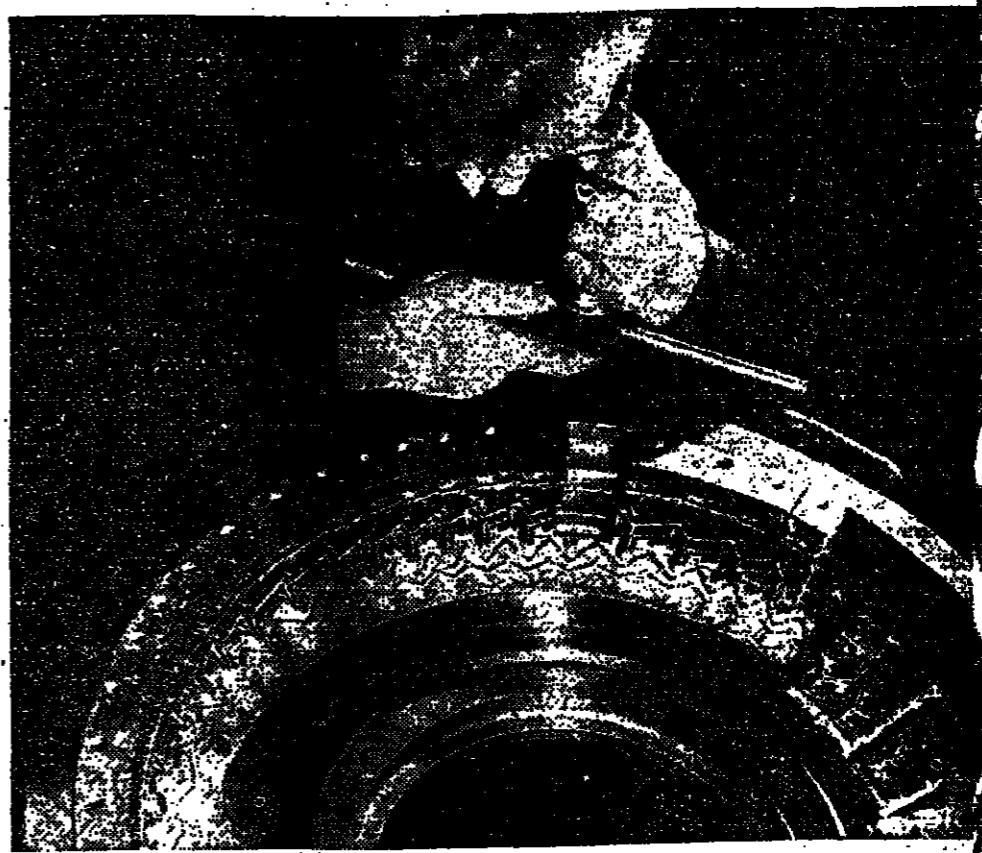
How ALI works for you

An induction loop is set in the road surface before each road junction. This loop both receives and transmits information to and from an electronic station mounted at the side of the road.

Each of these electronic stations is linked to a central computer. As a vehicle passes over the induction loop, it transmits to the nearest electronic station its speed, its destination and whether it is a passenger car or a goods vehicle.

From the millions of incoming signals reaching it, the central computer calculates the ideal speeds and routes for each individual vehicle.

ALI may seem to be a science fiction fantasy. But this revolutionary



Mould making at Dunlop's

DUNLOP

hour race owed a crucial ad-wheel—the Mini 1275 GT—vantage to being equipped with Princess and the Rover first disc brakes. Nowadays while the 126 and 131 Fit Dunlop just collects the likewise equipped. New from Europe still to be announced can also be ex-

plained which has now reached a

Looking at the future

in Western Europe Mr. Ge-

Wheater, main board di-

rector (tyres). E-

—and its enforcement—becomes

reports encouraging sign-

more severe. As a multi-

national organisation with a

Europe as a whole may n-

wide spread of activity in fields

improving. "Car ma-

chines are generally en-

thous in the engine compartment,

or perhaps some of the suspen-

sion components, may have

come from the same stable, or

that you will be travelling

on Dunlop wheels (as well as

tyres). Except for the Carnaby

Street end of the wheel

business—those light alloy

wheels with the fascinating de-

signs—wheel makers do not

publicise themselves very much.

the by 1979, the Eu-

market could well exceed

the type developed for the Con-

corde, for instance, became a

requirement on specialist cars

tyres and 15.8 truck ty-

res. This compares

with the fifth or spare

tyre will maintain that

by Jaguars in the gruelling

Threé British cars have now dis-

persed with the fifth or spare

tyre. "he believes.

new system, which was developed between the Aachen Technical College and Blaupunkt, a member of the Bosch Group is a real-life fact.

How much would ALI cost?

Probably no more than you would pay for a car radio.

The cost of the other equipment represents only a tiny proportion of current expenditure on motorway construction.

There's more to Bosch than you think:

Your car engine almost certainly has some Bosch parts; and it may well be tested by Bosch equipment at its next service.

Many of the goods people buy in their supermarkets have been packed with machines produced by Bosch. These provisions may be stored in a Bosch refrigerator or freezer in a Bosch kitchen.

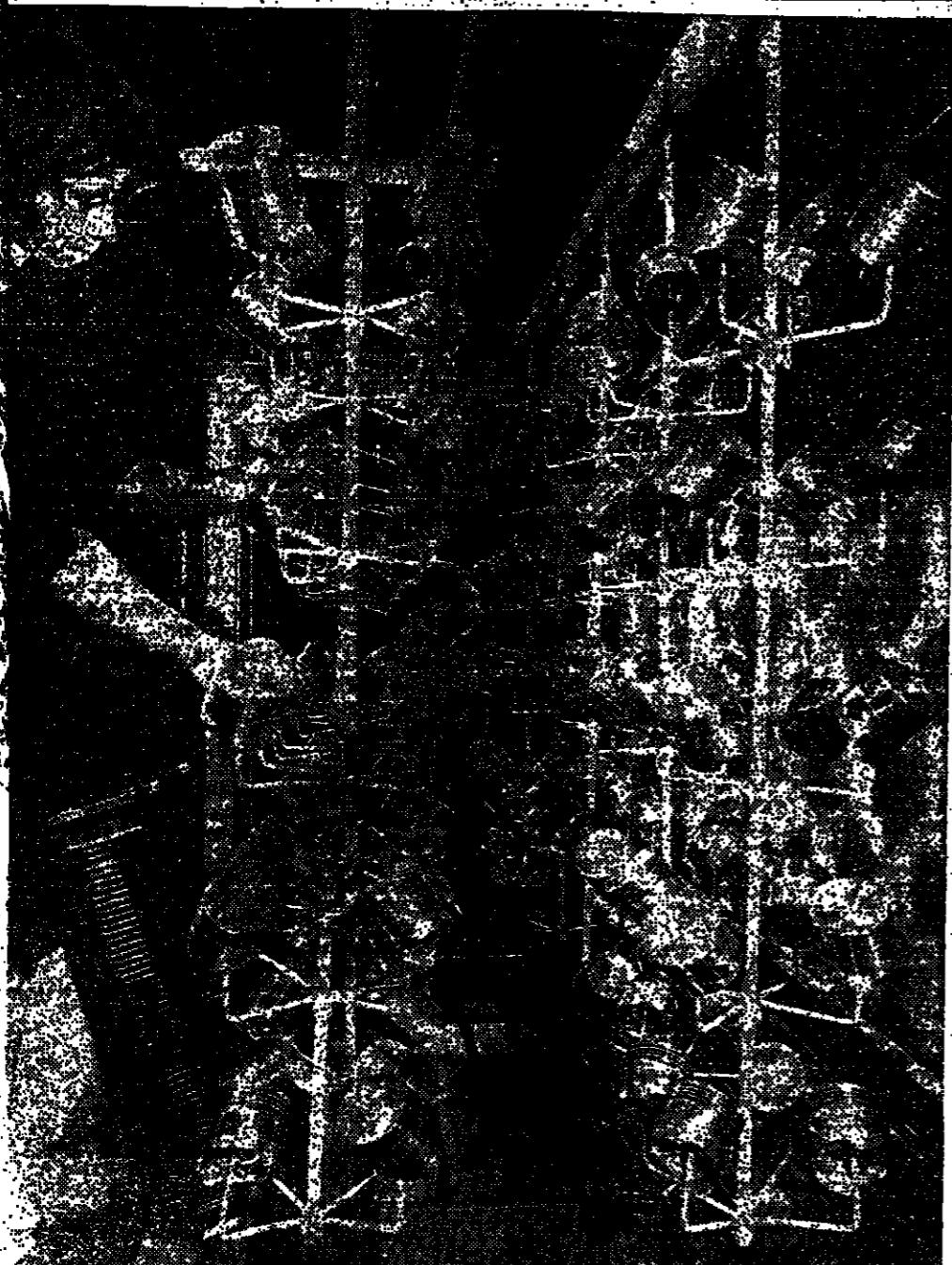
Television viewers will have seen the Olympic Games through Bosch eyes, as many of the sporting events were televised by Bosch Fernseh cameras. News and entertainment in cars can be received with Blaupunkt auto sound systems.

Bosch electric power tools are at work on construction sites world-wide. Bathrooms and kitchens are equipped with Bosch fittings and built-in units. Deep-cooled blood stored in many European hospital blood-banks is restored to body temperature with Bosch medical equipment.

Bosch employs 5,700 people in research and development alone. Bosch have at present 10,000 patents throughout the world, with 15,000 pending.

Robert Bosch Limited, Watford, Hertfordshire

BOSCH



ASSOCIATED ENGINEERING

FOR MANY suppliers the switch from petrol to diesel-powered transport influences their business quite considerably. But one of the big assets of Associated Engineering is that its range of pistons, piston rings, cylinder heads and other engine components, whether for petrol or diesel, differs mainly only in size and complexity. The technology and types of production equipment are similar.

The group is one of the most prolific engine component makers in the world. Some 40 per cent of its business, including radiators and brake shoes, is developed abroad, some 15 per cent (around £48m) of it directly from Britain. The group's position in the European specialised market in which it operates was created in the early sixties when manufacturing plants in France and Italy were added. These supply all the major vehicle makers from Alfa Sud to Volkswagen. Two years ago the group acquired a German bearing company which it is using to expand the original equipment market.

Overall execution of an ambitious programme is in the hands of Mr. John Collyear,

Preparing pistons for tin plating at the Warwick plant of Hepworth and Grandage, a member of the Associated Engineering Group.

ARMSTRONG

are growing from Strength to Strength



The U.K. Automotive Components industry has weathered the problems in the motor industry during the past few years and emerged even stronger. Armstrong are one of the largest Automotive Component manufacturers in the U.K. and they, in turn, have grown in strength. The development of Armstrong is reflected in increased plant investment, expansion of their product range, and the development of new products, all of which has contributed to the overall financial success of the Armstrong Group.

Recently Armstrong have increased their product range from shock absorbers, garage equipment, industrial bearings and steel tube to include exhaust systems, turned parts, rotating electrical equipment and injection moulded plastics.

Armstrong's most recent acquisition has been the purchase of approximately 280,000 sq.ft. of factory premises at Hedon Road, Hull. The Group now utilizes in excess of 2,000,000 square feet of manufacturing and distribution space in the U.K.

Overseas growth has also taken place and the Armstrong Group now operate with 6 production plants and 9 factories producing under licence, as well as a world wide network of distributors, agents and subsidiary companies.

The Group have also expanded their distribution network, under the name of Armstrong Autoparts Ltd, and the total number of branches, including Automobilia with 6 outlets in France, now totals 155.

Armstrong Group philosophy is to manufacture products to high standards whilst maintaining competitive prices. Their current range of shock absorbers is now unequalled in the automotive field. From the Research and Development Centre at Fulford, York research is continuously carried out into new products, new production techniques and materials to keep Armstrong to the forefront of the industry. Armstrong invest today for growth tomorrow!

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Armstrong Equipment Limited,
Melton, North Ferriby,
North Humberside HU14 3HY

AUTOMOTIVE PRODUCTS

HELPING TO win the World Grand Prix championship with vital parts like brakes and clutches, while simultaneously helping the opposition to carry off the manufacturers' championship is not a bad introduction for any component supplier. Mr. John Panks, deputy chairman and chief executive of Automotive Products, smiles briefly when reminded of this and says it is nice to have faith in the technology and performance of one's products publicly demonstrated in the toughest competition. He quickly goes on to discuss volume bread-and-butter business.

It just so happened that 1976 saw the group's fortunes turn strongly upwards as projects initiated several years previously began to mature, so the double in the motor racing world crowned equally hard fought battles over a much wider territory. Like other component manufacturers, Automotive Products generally has to wait for the introduction of new models before it can get its name added to the original equipment list.

"Our brake and clutch contracts with Chrysler, Peugeot and Renault, and with Saviem and Berliet on the truck side, together with a general sales drive, should increase our French business by half, and has laid the foundations for other major contracts before the end of the year," Mr. Panks said.

Overall, AP's crucial breakthrough in EEC markets last year should help to accelerate exports to them by 70 per cent and take direct exports from the Leamington-based group to nearly a third of original equipment production.

Individual products have been designed specifically to suit each customer's requirements and are backed by substantial investment in special-purpose machinery and equipment. Some of the units for in five of the car population.

Finally, the process entails impregnating the bore surface with silicon carbide particles by mechanical means, similar to that used when honing cylinder blocks in the normal manner. After impregnation, the surface is polished to provide a finish consisting of grooves formed a cross hatch pattern for good lubricating oil retention and a high percentage of flat plateau on which the piston rings may run.

As the extreme hardness of silicon carbide, processed cylinder blocks or liners have been found to enjoy a greatly increased service life without creating other disadvantages. Certainly, the life for blocks or liners manufactured from or treated with conventional materials, including chrome, this process has been allied to steel, cast iron and aluminium blocks/liners, very successfully. It is a standard feature of Chieftain Tank engines currently being produced.

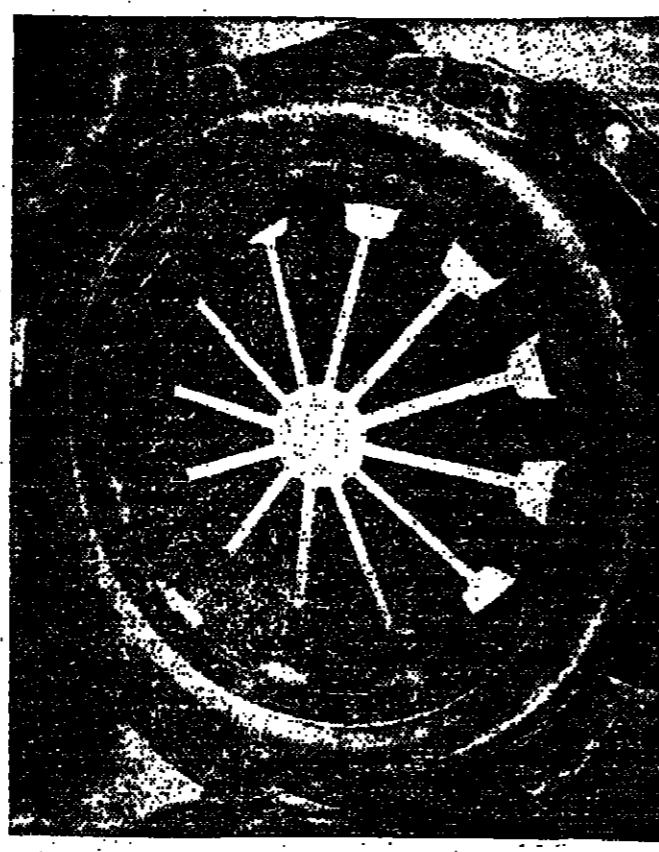
British diesel and petrol engine manufacturers are presently trying out evaluation trials and it is believed that within a short time, process will be used on a production basis by many of the leading manufacturers.

Process is, of course, equally applicable to many other products where rate of wear is a problem.

Company is already well-known in the diesel engine field for the production of Cromard Cylinder Liners, Crankshafts, etc.

Further information contact:

Laystall Engineering Company Limited
Under Liner Division
100 Street, Wolverhampton WV2 2BU
Wolverhampton 0902 51789. Telex: 338099



The new DST clutch from Automotive Products

group managing director. He intends as far as possible to reach his objectives through direct exports, and by further expansion of overseas manufacturing interests.

The group will also be looking closely at opportunities for joint ventures, such as its growing stake in Garlock Bearings, the U.S. licensee for plastic-lined bearings for office and domestic equipment and general industrial uses. Among the 25 manufacturing licensees are Daido Metal, Japan, which has been making bearings for many years, and Nippon Piston, making sintered piston rings, a technique that the group pioneered.

Mr. Collyear sees direct exporting, expansion of overseas manufacturing and joint projects or licensing as the three main prongs of the programme to take overseas earnings, at present £100m, near to £140m in the early 1980s. Licensing alone, he pointed out, was already yielding a useful £1m a year.

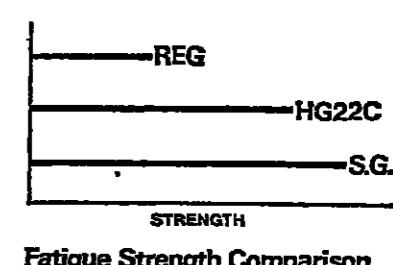
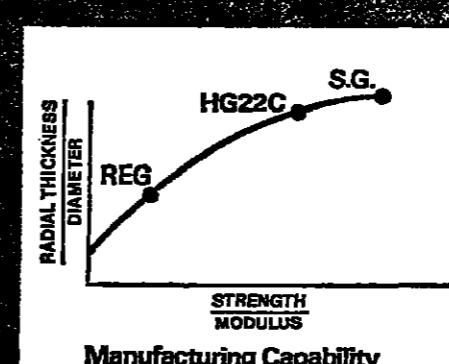
Like Perkins Engines and CAV, which makes fuel injection units, Mr. Collyear sees the encroachment of diesel engines into the world vehicle markets — particularly in America — as one of the most promising and lucrative trends over the next decade or two.

Our already substantial presence in the market is backed by Wellworthy which, together with our research centre near Rugby, constitutes the biggest research and development facility in the Western world devoted to diesel engine components," he claims. "Our bearing division is also a noteworthy pioneer in new materials to meet the requirements of high performance diesel engines."

The group recently completed a piston ring plant and is currently spending £35m. annually on new plant and other facilities. "And this is not a once-only injection. Rather do we see the rate of investment growing." Some of this will be used to extend the product range and widen the base of suitable technology. "But," Mr. Collyear emphasizes, "investment must enhance growth prospects and must always be accompanied by higher productivity if we are to reap the full potential of product development and new techniques." Like other leading component suppliers, he sees the strong demand in Europe continuing, with activity in the automobile industry worldwide possibly being at a rather higher level than general economic activity.

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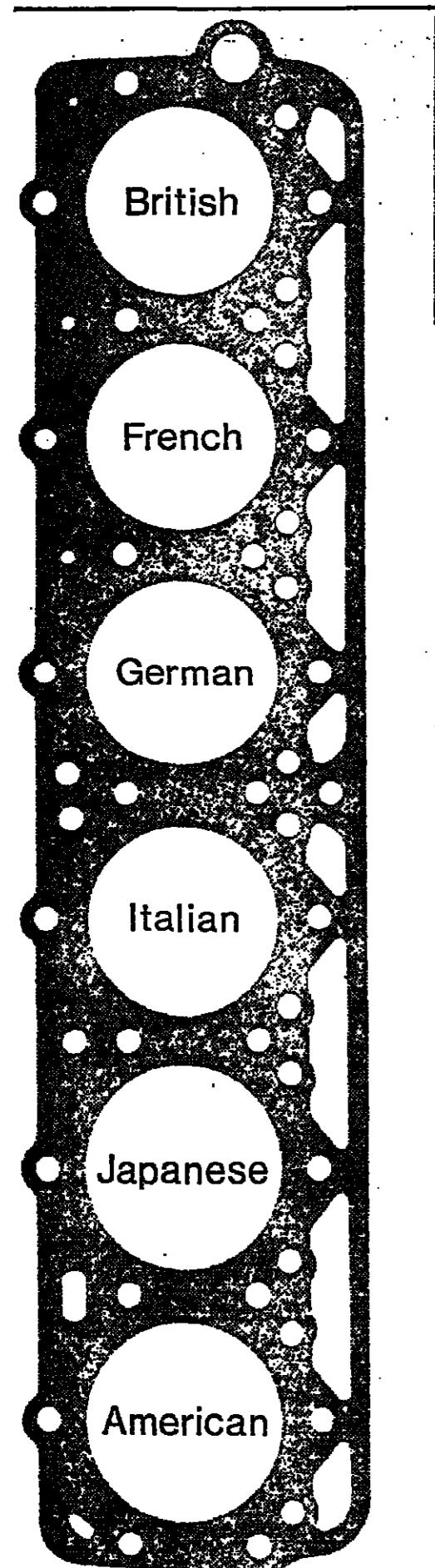
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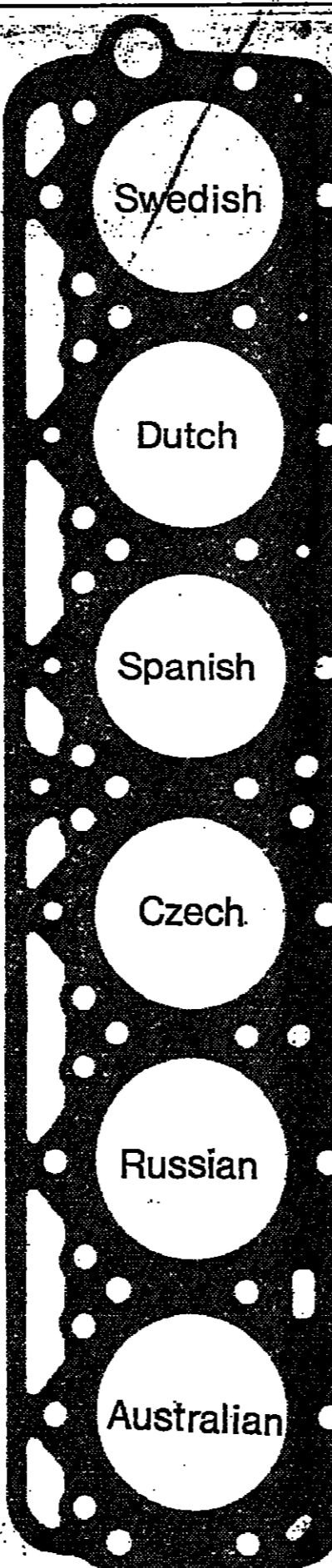
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EUROPEAN VEHICLE COMPONENTS VIII

Replacement market

THE VEHICLE replacement market has always offered a tempting market for "pirates" offering non-genuine replacement parts and probably always will. In the U.K. there have been plenty of them and some are still about. Until the polypropylene battery container came along to foil backyard operators using discarded cases to revamp into cut-price products, the second-hand battery market was a prolific area for this type of enterprise. Others made or marketed more sophisticated engineering components and in the course of time became "honest" and were accepted as suppliers of original equipment.

The growing volume of legislation dealing with transport safety and product liability has been a deterrent to anyone thinking of entering the market, although it must be admitted that the increasing cost of servicing and replacement work has given a substantial fillip to the Do-It-Yourself movement and the search for cheap products. Nowadays a lot of the so-called pirating emanates from some of the newer vehicle manufacturing countries like South Korea and Spain, especially in sales to developing countries where legislation is apt to be vestigial.

This aspect of the replacement, or after market, has been a powerful influence on major component suppliers to take defensive action by enlarging their service facilities. The growth in the market has likewise been accompanied by an "all makes" approach by which major component makers supply other fast moving lines like silencers, brake pads, fan belts and so forth, to maximise the turnover of European or worldwide service organisations.

Another strand of this complex after market fabric is the expanding structure of manufacturing largely resulting from successful original equipment business with European vehicle makers to supplement or replace direct exports from U.K. factories. Indeed, the presence of so many British, or joint venture plants on the Continent, where the tendency to source component supplies internally within vehicle groups, has preceded and facilitated trans-national vehicle manufacture of the kind operated by Ford and General Motors (Vauxhall Opel).

It has also taken leading suppliers directly into the imported car after market. Most European makes, from Alfa Sud in Italy to Volvo in Sweden and Volkswagen in West Germany contain components from U.K. suppliers sourced either in the U.K. or from factories on the Continent. One in four or five cars are "foreigners" and this proportion is expected to grow to one in three. Most of those already here are beginning to come up for their MoT test or otherwise need more comprehensive servicing, and it is no insuperable task for a major supplier to span the 150 or so imported models with a selected range of replacement parts.

Decision
Nor have the vehicle manufacturers been slow to move down market. This is a movement stimulated by the decision of some of the big American oil corporations, like Gulf and Western, to expand their after market sales, especially on the filling station forecourts. In this country Shell was one of the first to exploit the possibility.

Nor have the opportunities been overlooked by the car makers in the U.K. They have followed the front runners by establishing their own comprehensive range of spares in addition to servicing distributions and garages with their own replacements. Chrysler's Mopar and Leyland's Unipart schemes were among the first, and when British Leyland later came along with BUTEC, based on the bus and truck electrical component organisation, it brought howls of protest in some quarters on the score of "unfair" competition.

Identification of who does what in the High Streets, at the spares trade counters and on the forecourts is not always easy for the uninitiated. A. E. Edmunds Walker is a well-known name in the trade. Its parent is Associated Engineering, the world's largest independent supplier of engine components like pistons, piston rings and bearings. But these are marketed through A. E. Auto Parts. Other components from the group, and those bought in, tend to be marketed through Edmunds Walker. Altogether the group controls a substantial number of outlets at the second

stage, having chains in Austria, Canada, Sweden, Portugal and Singapore.

It is a vast and growing market. Including Britain, the European vehicle population is estimated to be around 108m and growing at around 6 per cent a year. The value of the after market, including accessories, can be no more than a guess, for it has never been accurately quantified. It is easier to guess what it is even in Britain.

No two people agree on what is a replacement part and what is an accessory, for the dividing line is often blurred. Some car manufacturers fit two door mirrors as standard, for instance, and others none, calling them accessories instead.

Expert estimates put the U.K. after market as high as about £1bn, but this seems optimistic to others, who think it is nearer half that, and put the European figure at £1bn, to £1.5bn, though this may be too low.

One of the more reliable figures is that exports of parts for vehicles last year were £1.6bn and that these exports have been growing space over the past several years. Indeed, the export achievements of the component makers rescued the car sector from an adverse balance. They also demonstrate the excellence of the British marketing strategy and general performance. In a sense, the component suppliers have taken over from the vehicle makers.

Specialist

After the war the parts market belonged almost exclusively to the vehicle producers. "But," Ford admits, "none of us appreciated it and we let it go." Now they are trying to get it back, but they face growing competition. As already indicated, the component makers have been expanding their capacity and facilities rapidly, and were among the first to offer an all-makes range and to get into the High Streets and discount stores as well as acquiring specialist service activities. Burmah Oil, for instance, bought Quinton Hazel one of the biggest independent replacement parts maker, whose policy was never to exceed 10 per cent in original equipment, and which had a good export record.

Lucas, the electrical giant, added in-car entertainment, fan belts, and other fast-moving items to its forecourt and service depots business. Automotive Products, in key safety areas of production with brakes, clutches, silencers and steering components, now has a chain of 50 service depots, and its export business is illustrated by the 300 tons of products shipped daily through its Bamburgh parts establishment. The pace has been hot one and the pursuit equally fast.

Ford of Europe was early in the field and has just celebrated the tenth anniversary of its formulation. Its European operations are co-ordinated from Ford Cologne, and grew out of less ambitious parts organisations.

While the U.K. company still buys out selected items like shock absorbers, it has significantly reduced dependence on outside sources by manufacturing spark plugs, carburettors, radiators and other items. It foresees the probability of a diminishing range of replacements being required because of improving quality. This factor has extended engine life to up to 70,000 miles without a major overhaul, will be likely to stretch it further to near 100,000; other parts like axles will similarly last longer.

Moreover, the trend to fit as standard items like radios formerly regarded as extras, and legislation providing for seat belts will also reduce the number of optional items. On the other hand there will be some new products, of which air-conditioning for small cars is likely to be one. Nevertheless, Ford believes that by 1987 and with a vehicle population in Europe of nearly 125m, the market will have grown to \$8.7bn, including nearly \$8bn of Ford-only products.

When SU-BUTEC was formed some 12 months ago following a recommendation of the Ryder Committee on the future operations of British Leyland it was met with a considerable and vocal opposition from the component industry, which saw part of its livelihood being snatched from it by the State-owned giant. In fact it has not turned out quite like that.

SU-BUTEC

was formed out of specialist fuel and electrical systems interests, and supplies original equipment as well as becoming more deeply engaged in the after market. For instance, it supplies carburettors to Volvo and Chrysler, handbrakes and hinges to Ford and Vauxhall—and besides selling products made by them and com-

ponent suppliers in order to Motors and Chrysler & provide an all-makes range—vehicle makers, and though it has still some way to go to Associated Engineering to match Ford's ability to other major companies a service over 90 per cent of all components suppliers, given them the bases which to enlarge their individual markets.

This selling of each other's products, and selling branded products made by rivals—rather like the supermarkets—has been one of the phenomena in the development of the market, and underlines the degree to which competition has advanced.

After market operations are among the most highly sophisticated, complex—and lucrative—in the vehicle industry. The expertise which U.K. manufacturers have been able to bring to bear has served them well on their marketing—and quality is very good.

Most of the market is growing again, with Ge having more disposable per head and less individual DIY work, but other countries (including the U.S.) follow this trend strongly. Recent component trade at Geneva showed clearly European manufacturers made great efforts to eat on their marketing—and quality is very good.

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THE ASSOCIATED ENGINEERING GROUP

The law and the unions

THE DAILY struggle between trade union and non-union members, rose to national prominence in another postal strike in London has raised a storm of huge dimensions over heads of a few hundred wilder Asian workers. It has revived two of the most notorious of industrial relations issues: the rights of trade unions under the law, and the rights of the individualistic trade unions. It has raised, too, all the old suspicions of the trade unions and of Labour Party Left-wing interpretation of the law is lighted against the pursuit of legitimate trade union aspirations.

Lawyers are now in the thick of the Grunwick dispute. Grunwick, which deals through the Post Office, is contemplating action against postmen who have been using to sort its mail.

In the course of this month dispute Grunwick has gone to court to stop the Union Post Office Workers "blacklisting" its post. It is now suing the Advisory Conciliation and Arbitration Service (ACAS) for allegedly mishandling the case that ended in a recommendation that a TUC union, Association of Professional Clerical and Computer Staff (APEX), should be recognised for all its weekly workers.

The National Association for Freedom, a law and order pressure group that is advising Mr. George Ward, the managing director of Grunwick, may take legal action on its own account against the Grunwick postal workers, but that individuals may do so if they wish. The APEX incidentally, has said the Grunwick then should work normally.

Inducements

Meanwhile, APEX is thinking of taking action against Mr. Ward for allegations he has made about alleged inducements by pickets to his workers to remain on strike.

The British Legal Association, representing solicitors, has complained to the Prime Minister that he is permitting the "break-down" of law and order, and it has also attacked members of the Haldane Society of Socialist Lawyers for joining the Grunwick picket line.

Lastly, police are prosecuting around 200 people, mainly for obstruction, but some for assault and other alleged offences on the picket line, and have arrested some Left-wing celebrities. Scotland Yard, in turn, is investigating allegations of police brutality.

The three big legal issues in this imbroglio are: picketing law, trade union recognition law, and "the right to strike."

For the present, it is the law—or lack of it—on picketing that is chiefly exercising the minds of the Home Secretary, the Attorney-General, the unions and the police.

The law goes back to 1906, but its latest definition is contained in the 1974 Trade Union and Labour Relations Act. This says in section 15 that it is lawful for one or more people "in contemplation or furtherance of a trade dispute" to attend a place where another person works or happens to be—provided it is not his house—for the purpose only of peacefully obtaining or communicating information, or peacefully persuading any person to work or abstain from working.

If the picketing is not peaceful, then charges of trespass, obstruction, intimidation or conspiracy can be brought.

Grunwick has thrown up two difficult picketing questions: how many people can picket a gate before peaceful persuasion becomes intimidation? And should the pickets be allowed to stop the bus which delivers the non-striking workers so that the pickets can engage in peaceful communication?

The police have tried at times to limit the number on the Grunwick factory gate in Warren, Chapter Road, Willesden, around half a dozen, and according to the TUC that appears to be the policy of the police in many parts of the country.

The TUC is trying to secure changes in the Criminal Law Bill mainly on the grounds that its provisions on conspiracy and trespass will limit picketing, sit-ins or work-ins. It says the Bill would mean, for example, that a worker who refuses to obey a writ of trespass served on him can immediately be declared to have committed a criminal offence and be arrested on the spot.

The law on picketing has been tested many times and

many times found wanting by, and the main complaint is that these on both sides of the factory gate.

ACAS has acted ultra vires. Grunwick alleges first, that As for stopping vehicles, the most-quoted precedent is Hunt v Broome (1973), a case involving a union official who stood in front of a lorry in Stockport.

That case went to the House of Lords which upheld an appeal Court ruling by the Lord Chief Justice, Lord Widgery,

that pickets were breaking the law if they physically obstructed people or vehicles to try and stop them crossing the picket line. Peaceful persuasion had to be oral or visual, or, as the Lord Chief Justice explained,

"the use of the voice or the exhibition of placards."

The TUC and some Labour

MPs have tried and failed in the past to create some positive rights for pickets. At the moment the TUC is mainly interested in winning a right to stop vehicles.

It is wary of general legal codification: it has been that specific statutory protection in such cases often rebounds on the unions themselves.

Much of its anger in the past

has been directed against related conspiracy laws. This came

in with the jailing of the "Shrewsbury Two," Des Warren and Eric Tomlinson,

on conspiracy charges in the wake of the 1972 building strikes.

Now the TUC is trying to prevent changes in the Criminal Law Bill mainly on the grounds that its provisions on conspiracy and trespass will limit picketing, sit-ins or work-ins. It says the Bill would mean, for example, that a worker who refuses to obey a writ of trespass served on him can immediately be declared to have committed a criminal offence and be arrested on the spot.

The law on picketing has been tested many times and



Left-wing Labour MPs Miss Joan Maynard (right) and Mr. Ian Mikardo (second right) join the Grunwick picket yesterday. Later in the day a colleague, Mrs. Audrey Wise, was arrested and charged with obstruction.

Society under section 11 of the Postmen's Rights to take industrial action in the face of

Then the Playboy Club issued a statute which makes it a writ against ACAS for not criminal offence wilfully to take head of its staff association or delay the mail. It is therefore inextricably bound up after an ACAS inquiry ACAS with the appeal to the House of Lords on the South Africa case, association appeared to have whose main burden appears to be the right of individuals to go outside union. And it went on to court to stop an impending breach of the law even if the Attorney-General as "guardian of the public interest" has refused to be a party to the action.

Supported by the TUC, the two Post Office unions are arguing not merely that they are, uniquely, subject to a

statute—the 1953 Post Office Act—preventing industrial action, but that the immunity of unions as members of a union or how many are willing to be members of a union before ACAS can be ended. They say that the Court of Appeal's decision

But it should be pointed out that a recommendation like whether to suffer personally from the effect of this from ACAS does not mean that all non-union members intended industrial action or must actually join the union not can block industrial action by seeking injunctions which declare the action to be either criminal or unlawful.

Lastly, the Grunwick affair has now twice raised the ques-

Letters to the Editor

Accounting and inflation

Mr. J. Clayton
41, Rothes Lane
Lymington, Hampshire

Membership of unions at IBM

From Mr. P. Handover
Sir—Assuming that the remarks of Clive Jenkins about the Advisory Conciliation and Arbitration Service, Survey of IBM employees as reported (June 13) were correct, I believe that some reply is necessary.

His comments about the ballot being contaminated, the implications of employer intimidation, "like a boxer in a prison camp" are absolute rubbish.

Having known IBM employees for many years, I am sure that the company will see

Mr. Jenkins' remarks as sour grapes.

But to those who feel that Mr. Jenkins has passed proper comment on the ACAS survey let me speak as an individual. Yet there were meetings and film shows to ensure that those interested understood all aspects of the survey. I remember much of the material covered the union's case to see if any aspect could improve the lot of an IBM employee.

Yes we were expected to attend as we are for all employee meetings. But compelled, no. I had to miss one meeting owing to business pressures and no pressure was put on me as a result.

No, there was absolutely no bias, pressure, intimidation or whatever and if it wouldn't be such a confounding waste of time I would like to see another ballot to show that 12,420 (95.0 per cent) of my colleagues agree with me.

May I dare to suggest that if ASTMS, AUEW and others are so keen to uphold the rights of the individual and democratic representation within large organisations they may like to look little closer to home.

Paul Handover
10, Merton Street,
Tollesbury, Essex

Providing the information

From Mr. G. Smith
Sir.—With the announcement that information disclosure to trade unions for collective bargaining under the Employment Protection Act is to be required after August 22, a significant step and opportunity could be taken to tackle our economic problems. Progressive management could now show in a more tangible way some economic realities.

Individuals, companies and Government, when in their roles as a customer/consumer, believe in piece work. They buy in units of output—100 gallons, suits, motor cars, TV sets, etc., at a price per unit. Individuals, companies and Government require incomes by the year in order to meet their needs whether for wages/salaries, profits or to balance their budget.

The only link between customer piece work and employee day work is productivity. Your columns have already carried sufficient correspondence on the use and potential of the concept of added value for measuring, monitoring, motivation and rewarding improved wealth creation—more added value.

This concept could be applied and the above economic realities always will apply to every company, every industry and the whole national economy. Provi-

tion of information could be the corner stone for progressive practical programmes to cope with inflation, pay policy, employee democracy and economic reality and growth.

It will be interesting to see if we get any positive proposals in the next few weeks from Government, CBI or TUC to encourage properly measured productivity improvements. It is to be hoped that the use of sales turnover will be prohibited since this would link one price increase, whereas if added value were used, one price increase to a company could reduce its added value and so it would be resisted.

This approach to use added value for measuring could easily give a self-regulating productivity measurement system with 100 equals two counties the size of my "adopted" Somerset.

Having been engaged in so-called industry most of my life I am now pleased to count among my friends and acquaintances many people engaged in Britain's largest single industry that is farming. Almost without exception they express a love of the land and concern at the loss which is afflicting them.

After all we cannot eat nuts and bolts, plastic kitchenware or transistorised calculators and each diminution of our ability to produce our own foodstuffs increases our dependence on overseas suppliers, to the detriment of our balance of payments. Here then is a good opportunity to be grasped by the planners to remove some of the eyesores which presently afflict many inner urban areas. That is to clear away derelict and obsolete sites and replace them with up-to-date and purpose-built factories and offices with a minimum of disturbance to our food producers and avoiding the irretrievable loss of agricultural land for other purposes.

John C. Hancock
Court House Lodge,
Wellscombe, Somerset

Construction failures

From the Director, British Constructional Steelwork Association.

Sir—The article by Michael Cassell (June 16) paints a worrying but not unfair picture of construction standards: certainly no-one in the industry can afford to be complacent. It may be worth pointing out, however, that many of the risks of failure are eliminated or dramatically reduced by adopting frame construction.

This is true whatever the frame material, but steel-framed buildings offer the particular advantage that the integrity of the structure does not depend so much on factors such as weather or the standards of skills on site. Structural steel members have built-in, known, defined quality, since they are produced to strict standards in the rolling mills. Fabrication takes place away from the construction site under factory conditions. Erection is a straight-forward assembly operation which is carried out quickly by a small number of skilled men, who normally come from the fabricating company.

A fuller recognition of the advantages of steel-frame construction, particularly among consultants and other specifiers, and its wider use in practice, would help the construction industry to arrest and reverse the fall in safety standards.

Mr. Cassell's article describes

D. D. French

Derelict sites

From Mr. J. Hancock
Sir—One wonders whether Mr. Peter Shore, the Environment Secretary, consulted his colleague, the Minister of Agriculture, when he announced new moves to help speed up industrial investment by urging local authorities to give precedents more added value.

This concept could be applied and the above economic realities always will apply to every company, every industry and the whole national economy. Provi-

GENERAL

Prime Minister chairs special meeting of senior Cabinet members, employers and trade union officials to review progress of Government's industrial strategy.

Labour Party national executive committee meets.

TUC General Council meets.

Ministerial meeting in Oslo of Governments with North Sea oil interests, including U.K., discusses lessons learned from Ekofisk blow-

up.

The Queen and Duke of Edin-

burgh, Llandudno and Bangor

Windcale public inquiry con-

tinues, Whitehaven.

Mr. Clive Jenkins, general secre-

tary, Association of Scientific

To-day's Events

Technical and Managerial Staffs, Restrictive Trade Practices Bill, House of Lords: Debate on

needs of disruptive children and young persons.

Secret Committees: Expenditure (quarterly, provisional), New

(Trade and Industry sub-committee), Subject: The Fishing

Industry. Witnesses: Directors of Brown and Tawse (full year).

Lankro Chemicals Group (full year).

Mr. P. H. Lloyd Holdings (full year).

Low and Tawse (full year).

Monfield Brewery (full year).

M.K. Electric Holdings (full year).

Nationalised Industries (full year).

Subject: Regional Water Authori-

ties. Witness: Thames Water Authority (4 p.m., room 81), Overseas Development Subject: Trade Policy and Aid Policy. Witness: Department of Industry (4.15 p.m., room 6).

OFFICIAL STATISTICS

Gross domestic product (first quarter, provisional), New

(Trade and Industry sub-committee), Subject: The Fishing

Industry. Witnesses: Directors of Brown and Tawse (full year).

Lankro Chemicals Group (full year).

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Nationalised Industries (full year).

Subject: Regional Water Authori-

ties. Witness: Thames Water Authority (4 p.m., room 81), Overseas Development Subject: Trade Policy and Aid Policy. Witness: Department of Industry (4.15 p.m., room 6).

COMPANY RESULTS

Annual results (first half-year), New (Trade and Industry sub-committee), Subject: The Fishing

Industry. Witnesses: Directors of Brown and Tawse (full year).

Lankro Chemicals Group (full year).

Mr. P. H. Lloyd Holdings (full year).

Low and Tawse (full year).

Monfield Brewery (full year).

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Nationalised Industries (full year).

Subject: Regional Water Authori-

ties. Witness: Thames Water Authority (4 p.m., room 81), Overseas Development Subject: Trade Policy and Aid Policy. Witness: Department of Industry (4.15 p.m., room 6).

COMPANY MEETINGS

Annual general meetings (first half-year), New (Trade and Industry sub-committee), Subject: The Fishing

Industry. Witnesses: Directors of Brown and Tawse (full year).

Lankro Chemicals Group (full year).

Mr. P. H. Lloyd Holdings (full year).

COMPANY NEWS + COMMENT

Powell Duffryn climbs 43.4% to £13.69m.

AN ADVANCE in taxable profit from £12.2m. to £15.81m. in the second half lifted Powell Duffryn from a depressed £9.55m. to a record £13.69m. for the year to March 31, 1977. The year was £1.97m. better at £303.88m.

For the current year the directors expect that any further effect of the present recession in the construction industry on some group activities will be cushioned by the continuing improvement in the results of other divisions. With a projected sizeable increase in turnover together with the plan for a considerable uplift in the capital investment programme, there is no shortage of optimism in the group, they say.

Stated earnings per 50p share were 26.0p (18.8p) and a net final dividend of 5.05p raised the total to 30.80p (17.04p). If the rate of ACT is reduced a further dividend of 5.05p will be paid at the same time as the interim for 1977-78.

Sir Alec Ogilvie, the chairman, says that the engineering division's trading profit was up 50 per cent. at £3.8m. All companies in the division contributed to this performance, and there was continuing success in export markets. One main export—direct and through agents—was Hamworthy's product exceeded 50 per cent. of sales and some 50 per cent. of Hydrex's and P.D. Engineering's production was sold overseas.

In smoother trading conditions the shipping division started a recovery; timber and quarries did well in a far from easy construction market; pollution control had a better year; fuel distribution had a busy second half of the year to make up for the absence of demand last summer; and oil and chemical storage was in a considerable growth potential, increasing profits, he reports.

With deepening recession in both the U.K. and French construction industries, the building services contracting division incurred a loss. However the division has started the current year with an improved order book and should commence to benefit from work secured in the Middle East, he adds.

Upsurge by Drake & Scull

UNDERLINING THE marked recovery in all trading companies in the U.K. and overseas, pre-tax profit of electrical, mechanical and construction engineers, Drake and Scull Holdings was £329,920 for the six months to April 30, 1977, compared with £17,000 in the previous comparable period. According to Mr. Michael Abbott, chairman, the improvement also demonstrates in a tangible way that the new organisational structure is beginning to produce benefits both in developments. But the balance sheet still shows a revenue reserves de-

recovery of activity of total trading profit which was up from £10.25m. to £14.83m. shows in 50p pre-tax profit of £5,112 (£3,661); building services contractor £1,144 (£62); marine, wharves and transport £2,597 (£1,625); oil and chemical services £1,545 (£1,150); fuel distribution £5,506 (£2,153); quarries £5,102; and timber and builders' merchants £210 (£1,604). The comparative adjusted for former improved operating performance

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
AB Foods	28	2	Grendon Trust	30	2
Allied Breweries	30	1	Hambros	28	4
Bishopsgate Property	28	1	Mann and Overton	30	2
Bradford Property	28	3	Plessey	28	1
British Petroleum	26	7	Powell Duffryn	26	1
Drake and Scull	26	2	Selection Trust	28	6
Electrocomponents	28	4	Streeters	26	7
Evans of Leeds	30	3	Tecalemit	28	1
Greenfield Millets	26	4	Whitbread	28	5

icit of around £55m. and correcting this still looks at least a fairly long term exercise. With the shares at 10p, 6p below nominal value, the group, which is capitalised at £5.6m., is apparently contemplating a capital re-structure for the near future.

William Baird, the textile engineering group, is proposing to raise £2.8m. from shareholders by a right of issue of 25m. Ordinary £1 shares. The basis of the issue is one-for-five at 108p per share. The shares closed 2p lower on the market at 134p.

Giving its reasons for the issue, the company underlines the trend in its borrowings last year. Total debt was up to £9.34m. partly reflecting the cash element of the acquisition of Thomas Marshall Investments and partly the increased requirements for working capital.

The group's textile companies

wish to be in a position to take the opportunity for profitable expansion if consumer spending picks up towards the end of this year and into 1978.

Turning to current trading, the chairman, Mr. S. A. Field, endorses his statement made at the annual meeting last month that despite the flatness of the economic situation in general and consumer demand in the U.K. in particular, group sales and earnings per share for the first month to the end of April were well ahead of the corresponding period, adjusting for Thomas Marshall.

In the absence of unforeseen circumstances the directors expect a further improvement in profitability for the year as a whole.

For the full year to October 31, 1976 profit was £0.88m.

Once again there is no interim dividend—the last payment was

on the 18-month period to October 31, 1977.

For the 1976-77 first half there

were extraordinary debits of £83,000 (£160,000), comprising

adjustment on conversion of the group's interests overseas into sterling at the rates of exchange ruling at April 30, 1977.

This reflected a general strengthening

of sterling against overseas currencies compared with rates

ruling at October 31, 1976.

● **Comment**

After really taking off in the second six months of last year, Drake and Scull's recovery has

continued to the first half of 1976-77 and appears to point the group towards a full-year pre-tax level of around £1.1m. after terminal costs—£220,000 at half-time.

Whether that brings the group closer to a return to the dividend, though remaining to be seen. At the end of 1975-76 the market was expecting this to take at least three years and that still looks a reasonable estimate. The three remaining operating companies, which are all involved in mechanical and electrical contracting for the construction industry, are pushing ahead largely on the back of work in the developing nations. And the streamlining which began with the sale of the group's largest, Holland, Hannons and Cubitts, is not finished yet. The group is currently in the process of disposing of around £250,000 of properties from the now defunct Cubitts Division.

The prospective pre-tax yield are 3.3 and 10.2 per cent.

● **Comment**

The growth seen last year at Greenfield Millets has continued

with a 49 per cent. pre-tax rise in the first half so the earlier market estimates of firm profits are likely to be exceeded.

Interest is payable half-yearly

on February 1 and August 1 each year, and the first payment of £7.07 (less tax) per cent. is due next Friday.

The stock will be redeemable at par on July 31, 1984.

Proceeds of the issue will be used to redeem £1m. of preference stock and provide funds towards financing capital expenditure.

Brokers to the placing are

Seymour, Pierce and Co. Dealings

start on Friday.

● **Comment**

After the failure of Folkestone's debenture (issued at 100 on May 10 to match its offer price once dealings started, the terms of this Newcastle issue are pitched

at 137 per cent. the flat and running yields are 13.4 per cent and 13.7 per cent. respectively, which compares with 12.9 per cent and 13.2 per cent. from Folkestone offering a lower coupon, or 12.5 per cent and 13.2 per cent from Rimboson which is similarly dated 13 per cent stock. So a small premium looks right assuming that the gilt market does not go softer between now and Friday afternoon.

● **LOCAL LOANS**

The coupon rate on the local authority yearlings bonds is up from 8.1 per cent. at par to 8.9 per cent. issued on May 10, 1978. The bonds mature on June 28, 1978.

The issues this week are:

Lothian Region Council (£1m.), Cymru Dinas Borthyr Dwyfor (£1m.), Wimborne District Council (£1m.), West Derbyshire District Council (£1m.), City of Aberdeen (£1m.), City of Edinburgh District Council (£2m.), City of Glasgow District Council (£1m.), Gloucester District Council (£1m.), Rhymney Valley District Council (£1m.), Steyning District Council (£1m.).

Two year bonds are issued with a coupon of 11.1 per cent. against 11.1 per cent. last week. The bonds due at par on June 20, 1979.

The issues are:

Lothian Region Council (£1m.), Metropolitan Borough Council (£1m.), Beverley Borough Council (£1m.), West Norfolk District Council (£1m.), Borough of Grimsby (£1m.).

Three year bonds this week are

issued with a coupon of 12.1 per cent.

● **Scottish Heritable**

In his annual statement Mr.

Cochrane Duncan, chairman of

The Scottish Heritable Trust,

predicts that the group should

again produce encouraging results

in 1977, following the record pre-

tax profit figure of £233.33m. for

last year against £228.31m. as

reported on May 25.

Mr. Duncan is cautiously

optimistic about each of the

group's divisions but, in par-

ticular, points to the company's

interests in the international trade

in oriental carpets. This division

contributed £206.906 to profits in

1976, much of it in export earnings,

and in the current year has

anticipated further expansion by

acquiring an interest in options to

purchase Kayam Carpets Limited

of London.

Scottish Heritable's hairdressing

supplies business, the largest

operation of its kind in Europe, is

also trading well this year and the

group's property and plant hire

and plant sales divisions are both

expected to show satisfactory

results. The motor supplies divi-

sion which turned round from a

loss to a small profit in 1976

should continue to make progress.

ISSUE NEWS AND COMMENT

The Financial Times Wednesday June 22, 1977

BP 0.5m. reprint after more demand for shares

BY MARGARET REID

A REPRINT of another 500,000 prospectuses and application forms for the Government's record-breaking £563m. offer of British Petroleum shares has now been sent out to banks and Post Offices after strong demand in many areas. The extra print brings the total number distributed to 1.2m.

BP's price yesterday eased by 8p. in quiet conditions to 800p. compared with the 845p price of the share offer. The closing date for applications is this Friday, June 24.

There is now increasing confidence among the ten merchant banks and five leading stockbroking concerns which last week arranged underwriting for the current market issue of shares to take advantage of the favourable "insurance policy" offered by the company.

The group's textile companies

wish to be in a position to take

the opportunity for profitable

expansion if consumer spending

pick up towards the end of this

year and into 1978.

Turning to current trading, the

chairman, Mr. S. A. Field, endorses

his statement made at the annual

meeting last month that despite

the flatness of the economic situa-

tion in general and consumer

demand in the U.K. in particular,

the group's sales and earnings

for the first half of the year

were well ahead of the corresponding

period, adjusting for Thomas

Marshall.

In the absence of unforeseen

circumstances the directors ex-

pect a further improvement in

the group's earnings in the year

ahead.

Two significant acquisitions in

recent months—a Danish shuttlecock business and the 50 per cent.

share of a U.S. company, Gordon

Brokers, are Panmure Gordon in

London and Parsons in Glasgow.

Deals start on June 27 in a

24-hour format.

The rights issue has been

underwritten by S. G. Warburg,



It's been a busy year for Jackie Stewart - and for us.

On location in the U.K., Jackie Stewart O.B.E. prepares to make a TV commercial for Britax

So busy, in fact, that we turned in a £4.7 million profit, twice what we made in 1975.

Some other highlights from the BSG International results last year:

33% of our earnings now come from abroad.

57% of our profits come from our manufacturing interests.

What achieved this kind of result for BSG International in 1976?

Car safety equipment for a start.

Jackie Stewart has been helping to maintain 'Britax' leadership in Britain and right across Europe. Incidentally, we've now added a new child safety seat and the 'Sunliner' sunshine roof, to the 'Britax' range.

What with Jackie's efforts and successful marketing by our factories

in France, West Germany, Holland and the U.K., we are now Europe's No. 1 producer of seat belt and other vehicle safety equipment. In fact, virtually all of Europe's leading car manufacturers fit our seat belts, mirrors and other components.

European motorists, too, know that quality matters where safety equipment is concerned. We like to think that is why most of them now choose products made in our factories.

Beyond Europe, BSG International safety products—either through direct exports or by licensing agreements—are fitted by car makers in Australia, Japan and South Korea.

Nearer home, our Bristol Street Motors car dealerships make us Europe's largest Ford dealers.

In addition to holding franchises for Vauxhall and Chrysler, we now also represent Opel, Volkswagen, Audi, Fiat, Citroen, Alfa Romeo, Mercedes-Benz, Datsun, Simca, Porsche and BMW giving us a major stake in the fast growing imported car market.

On top of all this, we have an industrial fastener, steel processing and heavy engineering side.

And a furniture factory.

And we are the U.K.'s biggest aircraft seating manufacturer.

To get the full, diverse story of BSG International and its achievements ask our Company Secretary, Ray Thorne, for our 1976 Report and Accounts.

BSG International

Burgess House, Coventry Road, Birmingham B25 8BB. Telephone: 021-707 0490.

Plessey 14% higher despite P.O. cuts

ON SALES ahead by 16 per cent to £569m., pre-tax profits of Plessey Company advanced by 14 per cent to £36.5m. for the year to March 31, 1977.

In the fourth quarter profits were up by 20 per cent to £11.6m. and sales by 10 per cent to £16.5m. Profits have grown by about 20 per cent in each of the last three quarters.

Ful-year earnings are shown to have risen from 9.24p to 9.44p per 50p share before extraordinary items and to have fallen from 9.39p to 9.39p after such items.

The final dividend is 1.725p net (1.275p), to be paid on January 1. This makes a total of 4.84p per share.

Also to be paid on that date will be the first interim dividend for 1977-78, which will be restricted to 0.870p (0.8270p). The reduction in the first interim dividend is due to the fact that the company is limited by legislation in the total amount it may pay in any fiscal year.

The amount of the first interim dividend in no way anticipated the board's view of the total dividend payments in 1977-78, members are told.

In the event of a change in the level of tax credits for 1976-77, the directors intend to include any permitted increase with the first interim dividend for the current year.

1976-77	1977-78
Sales	£569,000,000
Trade profit	£60,200,000
Operating profit	£36,500,000
From associates	£4,840,000
Interest receivable	£1,140,000
Interest payable	£5,114,000
Redundancy costs	£2,119,000
Profit before tax	£36,500,000
Net profit	£21,161,000
Minorities	£888,100
Leaving	£2,123,000
Dividends	£1,275,000
Extraordinary debits	£1,163,000
Credits	£1,022,000

The major item of £7.72m. in extraordinary items relates to a provision made in respect of ill costs—including redundancy, surplus stocks, disruption and dilapidations—that can be reasonably identified at present, arising from the major cutback in British Post Office requirements.

Other items are large losses of £2.65m. (profits £2.34m.) including associates £1.29m.; other losses on business closures of £9.9m. (£1.1m.) and other credits of £107,000 (losses £49,000).

The directors say the cumulative effects of Post Office cuts to date around £34m. against some £32m.

Sir John made it clear that he

Tecalemit soars to £2.83m.

MORE THAN doubled pre-tax profits are reported by Tecalemit whose interests include fluid transfer and filtration, lubrication systems, garage equipment and combustion engineering.

On turnover almost 26 per cent higher at £26.4m., trading profits were 12 per cent, better at £2.99m.

Improved cash flow and the cash raised by the rights issue in 1976-77 have reduced interest charges from £10.90m. to £6.00m. so that before tax and extraordinary items profits show a leap of 139 per cent. at £2.83m.

While the company has planned to spend more heavily on capital expenditure this year, its existing resources are ample to meet the expected needs.

Earnings are shown at 14.3p (7.7p) per 50p share and the final dividend of 9.035p is not to bring the total to 22.35p net (22.00p) the maximum allowed.

If the basic rate of tax is reduced, the directors intend to pay a corresponding amount of additional dividend at the time of the interim dividend next January.

1976-77 1977-78

External turnover 26.4 26.4
Trade profit 2.991 2.99
Interest 1.022 1.022
Profit before tax 2.99 2.99
Tax 1.255 1.255
Extraordinary credit 1.163 1.163
Dividends 1.275 1.275
Interest dividends 1.163 1.163
Net 2.83 2.83

A.B. Foods capital expenditure

Associated British Foods has confirmed a surplus of £94,000,000 arising from the conversion into sterling of the foreign currency values of net assets of overseas companies, less foreign currency borrowings, at the rates of exchange ruling at March 31, 1977.

Mr. Nigel Bennett, the chairman, warns that it would be unrealistic to assume that the company can maintain the rate of growth of recent years as the continuing decline of the food market in volume terms and the further intensification of competition will put great pressure on margins.

Nevertheless, he remains convinced that the policy of heavy capital investment has been correct and well directed, and he feels the group can and will maintain its competitive advantages and continue to prosper.

An analysis of expenditure on plant and fixed assets in the five years to April 1977 shows U.K.

• comment

A 92 per cent. rise in trading profits, on a near four points improvement in margins, shows that

THE NEXT TWO YEARS are likely to be difficult for Bishopsgate Property and General Investments, says Mr. H. N. Sporborg, the chairman. There have been signs of an improvement in the U.K. housing market since the date of the accounts, he says, which should benefit the 50 per cent-owned associate, Barkwell Property Holdings, and Bishopsgate has been able to let part of its developed property in Germany.

Mr. Sporborg therefore hopes that by the end of 1978 it will have been possible to realise sufficient assets to meet the deferred liabilities then falling due, although he says that there can, of course, be no guarantee that this will be achieved. Several factors outside the company's control, in particular the sterling/deutschmark exchange rate, could give it no alternative but to cease trading, whatever the progress of the programme, he warns.

The company has been progressing well in its shareholdings in order to produce a profit, and to meet its outgoing, particularly interest payments on the foreign currency loan which can be made out of sterling. Mr. Sporborg says: "Since the year end, further shares have been sold and the only quoted shares now owned are the quoted shares in Barkwell, Berkeley Hambros and County and District.

Confidence at EMAP after good start

A good start has been made to the current financial year at East Midland Allied Press, says Mr. Frank Rogers, the chairman. Providing there are no unforeseen adverse developments, the directors look forward with confidence to a further significant improvement in the results, he says.

As reported on June 2, pre-tax profit improved from 10.72p to 11.07p, an increase of 4.7 per cent. is covered over four times.

Mr. Frank Rogers, chairman, says that it would be unrealistic to assume that the company can maintain the rate of growth of recent years as the continuing decline of the food market in volume terms and the further intensification of competition will put great pressure on margins.

Nevertheless, he remains convinced that the policy of heavy capital investment has been correct and well directed, and he feels the group can and will maintain its competitive advantages and continue to prosper.

An analysis of expenditure on plant and fixed assets in the five years to April 1977 shows U.K.

Uncertain future at Bishopsgate Prop.

As reported, on June 18, net profit before tax for the 18 months to December 31, 1976 was £54.341, compared with £53.974 for the previous year. The loss per 51 share was 4.7p (5.4p) and there is again no dividend.

Mr. Sporborg says that the company's financial position is underwritten by a serious decision to leave the period under review owing to the combination of a fall in the market value of its investments both at home and abroad and a rise in the amount of its liabilities in respect of foreign currency borrowings resulting from worsening exchange rates. The company found itself by the end of the period in breach of the borrowing limit imposed by both its sterling debtors and its foreign currency loan and with no prospect of meeting the schedule of repayments due to the company's financial position dictate.

The company has since repaid the outstanding amount of its sterling debtors and following further negotiations with its syndicate, has now concluded a conditional agreement substantially amending the terms of its foreign currency loan, members are told.

Among other things, the final to loans in Germany, a loan to Barkwell, December 20, 1978, and while it remains outstanding the company

is also unable to confirm the values attributed to the company's financial position. The auditors have agreed to the conditional agreement with the company's bankers, will be appointed by the AGM, and the company will be able to comply with all the conditions of the agreement including the realisation of assets, the basis on which the accounts have been prepared.

The auditors are also unable to confirm the values attributed to the company's financial position.

Amendments to the agreement including the realisation of assets, the basis on which the accounts have been prepared.

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Carving up the razor market

BY STUART ALEXANDER

If you had breakfasted in one of the 2,700 McDonald's ham-and-egg outlets in the U.S. this twin-blade cartridge razor called "Atra," the novel feature of which could have been given a free is a pivoting head which is claimed to give correct blade angle to the face and neck while it is rinsed.

Not because the taste of the angle to the face and neck while it is rinsed might make you want to shave at the same time being easier to clean up with shave; it is rinse. The company is backing its judgment with \$7.7m. in the 1977 News throw-away razors, the U.S. having already spent \$5m. on development and tooling. The new razors will be about 40 per cent more expensive than Trac II at 25 cents each, this makes it so as well as being the first real innovation since 1971 it has also been placed much more up-market, an aggressive counter to Bic thinking.

This frenzied activity nearly stems from the entry into the U.S. market of the French company Bic and its abortive attempt to buy American Safety Razor (ASR), which takes its name from the tobacco heir Philip Morris. The deal, stopped by the Federal Trade Commission on anti-trust grounds, would have given Bic a solid marketing base for its lack on Gillette's 60 per cent of the U.S. market.

If at first it seems that the Bic is unusually worried about a little fellow who has issued a challenge it should not be forgotten that Bic has already taken Gillette in the fields of ball-point pens and disposable cigarette lighters. So this latest attack at the very heart of the Gillette empire has been taken seriously and the aggressive marketing team at Bic is relishing every tremor from the Gillette Boardroom.

Gillette has brought actions against Bic in several European countries, claiming infringements of patent rights. In a bitter move Bic brought an action in the U.S. asking a lower court to judge that certain U.S. patents assigned to Gillette were invalid.

These followed the FTC intervention and Bic abruptly pulled out of all talks with ASR.

Bic has been around for a long time, holding as it does one third of the world market for ball-point pens. But has been its success in the American market that has more recently made it a glamour stock. The company had a highly successful launch on the Paris Stock Exchange in 1972 when oversubscription took the share price up from an already high Frs.550 to growth as well as revenue, 880. It is since then that the company, still guided by products and improving its founder Baron Marcel Bich, administration, the company can repeated its success in look forward to maintaining its sales and felt-tips and now 50 per cent of earnings from Gillette's own backyard.

No comparison Bic first began manufacturing pens in 1953, having been some time involved in office equipment, and by 1976 his company was turning over \$1m. on all product lines.

That is small in comparison to Gillette. The company began manufacturing and marketing at Boston, Massachusetts, in 1901, though its founder, King Camp Gillette, developed the double-edged razor blade in 1895. Gillette now markets its goods in 50 countries and has over 30 manufacturing plants. Turnover in December 31 last year was \$1.5bn. and in the first quarter of this year the company showed a slight improvement in net profits to \$25m. up to \$387.5m. from \$360m. last year.

With a company turnover five times as much as itself, Bic hardly seems in the same league.

It continues in maverick to snipe away at Gillette, but is feeling rather vulnerable as it is publicly going through a rationalisation programme following a period of plant diversification.

Though total world sales are increasing, Gillette profits ended in 1973 at just over 10% when the company still largely on staple sales of cost repeat items like razors, toiletries and cosmetics.

When Bic established its market in the U.S. market, it has now holds estimated 4 per cent share as being helped by Alberto-Culver in distribution.

Gillette moved fast to put News into the U.S. market, side Daisy, a woman's disposable razor which it has begun selling.

For a long time the purpose of the U.S. market and types in a shaving cabinet, I have given Bic a broader. Although television has played a role in Gillette's success, the knowledge that offer and strong point-of-sale

razors like G II (called G II in the States) and traditional double-sided stainless steel blades.

It also plans to raise its advertising budget by 10 per cent to \$180m. handles and holders — to the extent that the companies hope to expand its market to 13% in the U.S. market and types in a shaving cabinet.

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that the soap and after-shave razor blade priority is dealt with.

Wilkinson, now part of Wilkinson Match, has diversified itself in other areas. More than they would like to admit, and it has made their job of giving correct blade angles to the face and neck while it is rinsed.

The company is backing its judgment with \$7.7m. in the 1977 News throw-away razors, the U.S. having already spent \$5m. on development and tooling. The new razors will be about 40 per cent more expensive than Trac II at 25 cents each, this makes it so as well as being the first real innovation since 1971 it has also been placed much more up-market, an aggressive counter to Bic thinking.

Bic had had most success in the original launch country, Greece, which is also where the bulk of its throwaway razors are manufactured, though the steel for the blades is British, the company is proud to say.

Why, then, the anxiety at Gillette? Mainly, one suspects, this was because the company as a whole was feeling very exposed and if nothing else was certain, any market success on the part of Bic was almost sure to be at the expense of Gillette.

Also, Gillette had to move while there was still a chance that Bic could bring off the ASR deal. Other companies like Wilkinson Sword and Schick were taking Bic's U.S. challenge seriously enough to develop disposables of their own, and both had seen Bic take on Gillette in the disposable cigarette lighter market as well as its record with ballpoint pens.

Gillette now sells its Write Bros. pens in the U.S. mainly through office equipment and supply wholesalers, leaving Bic with 80 per cent of the cheap end of the market, and Bic claims to outsell Gillette's Cricket throwaway lighters in Gillette's own backyard.

Wilkinson Match has been placed much more up-market, an aggressive counter to Bic thinking.

At the end of the day, however, the copious financial muscle of Gillette has always seen it through. When the chips are down Gillette can sustain losses or break-even for longer than anybody else in the field and the company has shown itself prepared to fight hard in the market place and on television to retain and protect its Gillette product may be slightly inferior. Without the base which American Safety Razor would have given it, Bic faces a long and uphill struggle with a new line, though this, he says, can product in a conservative market for development after the ket

This announcement appears as a matter of record.

\$100,000,000

AMAX INC.

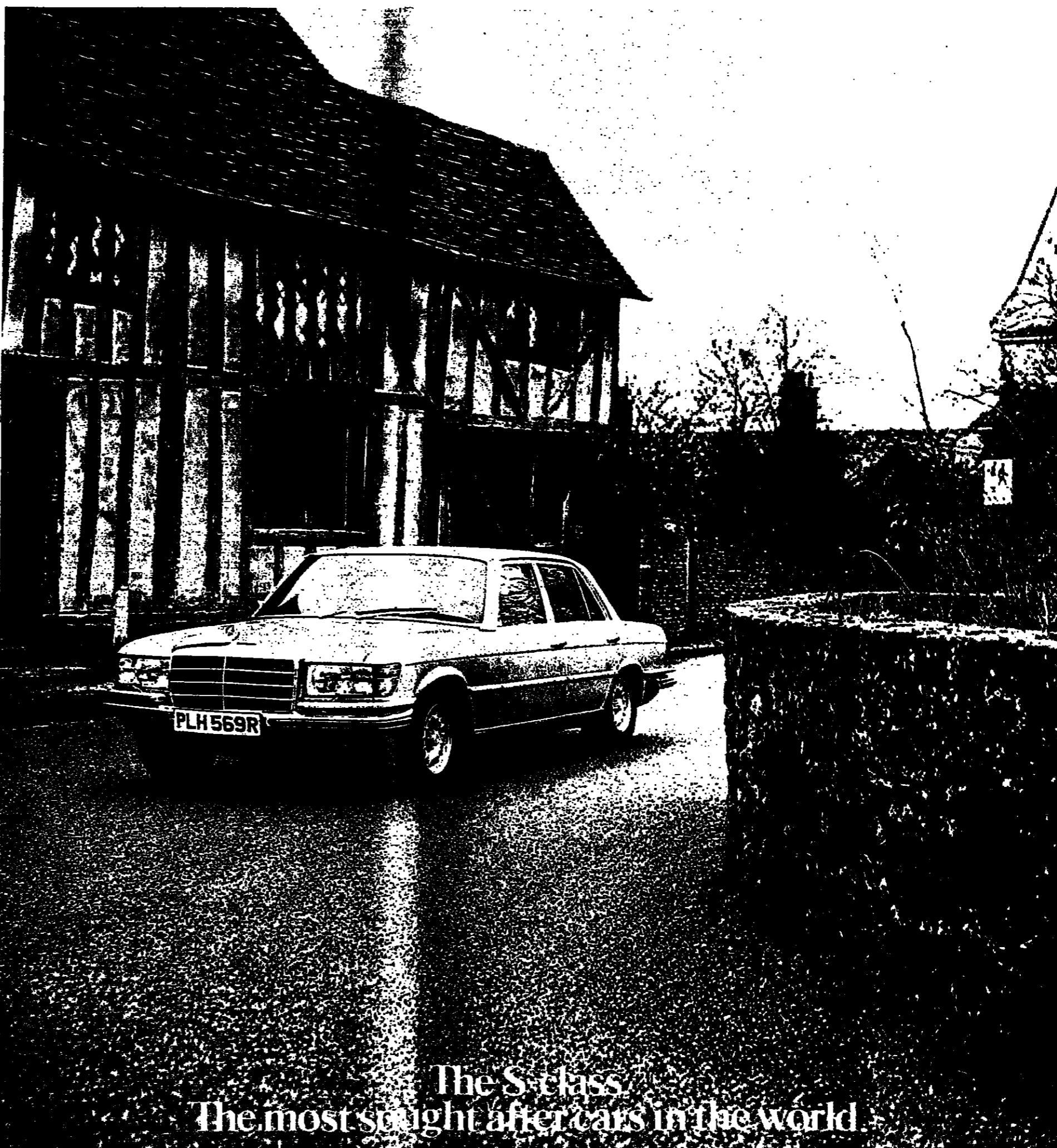
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June 16, 1977



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Allied Breweries ahead by £11.5m. at 32 weeks

TURNOVER FOR the 32 weeks to May 7, 1977 at Allied Breweries expanded from £505.7m. to £568.5m. and pre-tax profits rose from £27.9m. to £39.4m.

The directors state that trade in the period has been firm, with a good pre-Christmas period.

It is anticipated that results for the remaining 20 weeks, given reasonable conditions, should continue to show an improvement on last year, although this improvement will not be at the same rate as for the first part of the year.

Earnings from operations for the 32 weeks are shown to be up from 2.78p to 3.59p per 25p share and the interim dividend is increased from 1.165p to 1.25p net. Last year's total was 3.321p paid from stated earnings of 6.4p. Profits were £63m. before tax.

Advance by Mann & Overton

LONDON taxicab specialists and motor engineers etc., Mann & Overton reports turnover up from £3.05m. to £4.5m. for the half year to April 30, 1977 and an advancement in profits from £208,000 to £370,000 before tax of £280,000 against £207,000.

The interim dividend is held at 10.5p net per 25p share—last year's total was 3.42p—pre-tax profits came to 9.98p.

Further information on the current position will be included in a document with the offer for the company, made by Lloyds and Scottish which is expected to be despatched within one week.

Grendon cuts borrowings to £6m.

The result of Department of Trade investigations into Dowgate and General and CST Investments, the former financial empire of Mr. Christopher Selmes, is unlikely to be published for some time, according to Mr. David Donne, chairman of Grendon Trust whose Ordinary shares are held by CST.

There has been speculation that the DoT report would be published in the next month but Mr. Donne said that the inspectors were still taking evidence and that even if the report were to be presented this week it would be published.

Presenting the annual report of Grendon Trust yesterday, Mr. Donne said that group borrowings had been substantially reduced in the past financial year from £19m. to £12.4m. and since the year ending in September thus had been halved to about £6m.

Mr. Donne said that since the new management team was appointed in June 1974, when the book value of properties amounted to £21.5m., there has been a net deficit on revaluations of £6.7m. and properties with a

book value of £9.1m. have been 13, at 12.30.

Excluding new acquisitions, the improvement in profits would be trimmed back to nearer 29 per cent, adjusting further to take account of labour problems last year, the overall increase would be around 10 per cent.

Allied Breweries still has a big share stake in Trust Houses Forte. Mr. Holden-Brown said: "There is no change in policy regarding this interest. We are quite happy with our shareholdings."

See Lex

MCLEOD RUSSEL

McLeod Russel has established

sold at a surplus of £2.2m. During this period expenditure on properties was £8.3m., leaving a book value of properties at the year end of £5.5m.

Since the year end, properties have been sold at a net surplus of £1.7m., leaving a current property portfolio of £2.2m. which is expected to be dispersed completely over the next 12 months.

Mr. Donne said that once the DoT report was out of the way, consideration would be given to changing the name of Grendon.

Labour Party official policy this year.

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Evans of Leeds peak £0.9m.

TOTAL revenue of Evans of Leeds rose from £1.62m. to £1.9m. for the year to March 31, 1977 and net profit was up from £0.73m. to a record £0.81m. before tax of £0.46m. (£0.38m.).

Stated earnings per 25p share are up from 4.835p to 5.517p and the net dividend total is 2.32264p (2.14148p) with a final of 1.79764p.

After-tax profit was up from £0.28m. to £0.3m.

The company's interests are in property investment and development.

Deritend sees improved results

Mr. C. W. Perry, chairman of Deritend Stamping Co. says in his annual statement that most of the constituent companies have increased order books and he directors are hopeful that the surge in demand will continue.

They expect improved results from all segments during the current year.

He tells members that the recently announced rights issue will enable the growth of the group to continue and help finance additional equipment and working capital required.

As already reported, pre-tax profit for the year to February 28, 1977 totalled £1.22m. (£1.34m.).

Britannic Assurance Co. holds 9.9 per cent of the issued capital.

Prudential Assurance Co. 8.11 per cent and Lloyds Bank Third Trust 5.58 per cent.

Meeting, Birmingham, on July

13, at 12.30.

There was no reason to suppose that this trend would be development;

LABOUR CALL FOR STRONGER POLICY

Tighter controls urged for multinationals

BY MICHAEL LAFFERTY, CITY STAFF

WIDE-RANGING proposals for stronger Government control over the activities of multinationals operating in total goods produced.

The draft argues that these corporations no longer compete on a price basis. "When one of the large transnationals raises its prices, the others tend to follow (the oil companies are an excellent example of this). Competition is now through advertisements, selling, marketing, after-sales service, etc."

The paper calls on the Government to monitor the policies of multinationals through planning agreements, the establishment of a Foreign Investment Unit as part of a National Planning Commission, and greater disclosure of the activities of multinationals based on more effective international codes of conduct.

The draft paper has been prepared by a committee of some 20 Labour Party and trade union representatives under the chairmanship of Mrs. Judith Hart, Minister of Overseas Development.

The committee includes Mr. Robert Sheldon, Financial Secretary to the Treasury, and Mr. Alan Williams, Minister for Industry, as well as about seven other Labour MPs.

The group, referred to as "The Working Group on Transnationals," is expected to hold one other meeting before sending the paper to the party's National Executive Committee for consideration at its July meeting.

Mrs. Hart said yesterday that the proposals if approved would be published at a Labour Party Conference in Brighton in October.

A summary of the paper would be submitted to conference for adoption as official party policy.

The draft begins by pointing out that multinationals are the fastest growing elements in our societies.

"They are accumulating to themselves wealth and power and reducing the effectiveness of the democratic elements of society. Economic solutions which were taken by Government can now only be noted by them."

Examining the concentration of industry, it claims that the public has less real alternatives in choosing whom to buy from to-day than a few years ago.

"We must—

(i) Monitor their policies as employment, exports, investment plans, and research and

(ii) Discover their real importance in major sectors of industry and ensure that they do not achieve a dominant position without consideration of the effects:

(iii) Ensure that controls of these companies are not merely a matter for foreign speculators, but that the future of their British employees is safeguarded, especially when they change hands;

(iv) Guard against the sudden divestment, the decision taken thousands of miles away to shut down the whole, or a major part, of their activities in this country."

The paper describes existing U.K. machinery for evaluating foreign inward investment as "chaotic, confusing, and overlapping."

If the Monopolies Commission, the only Government body which evaluates the industrial consequences of take-overs and mergers, "broadened its outlook and took a worldwide perspective, then it would become a more useful tool."

The group comes down in favour of the establishment of a Foreign Investment Unit as part of a broader National Planning Commission for all companies.

The unit would pull together all the existing powers and strengthen them. It would act as a clearing house, and should "take primary responsibility for investigating economic/industrial effects of proposed incoming investment and do the negotiations with the company concerned on the criteria for entry and U.K. Government commitment."

The draft paper is highly critical of the recent OECD Code of Conduct for multinationals. "The guidelines are for the most part vague and weak—the ones on disclosure are particularly disappointing, although the proposals go further than the legal position in some European countries."

The basic weakness of disclosure is that companies were allowed to give the information by geographical areas, and geographical areas means such groups of countries or individual countries as each enterprise determines is appropriate in its particular circumstances."

The Financial Times Wednesday June 22 1977

US \$10,000,000

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Queens Moat Houses Limited

Pre-tax profits up 34%

Chairman John Fairstow reports results for the year to 31 December 1976.

* Pre-tax profits £136,014 (1975 £101,800) up 34%.

* Turnover £6.6 million (1975 £1.3 million) up 3.5%.

* After-tax profits £127,830 (1975 £10,192) up 16%.

* A final dividend of 2.5% is recommended by the directors. No dividends were paid in 1975, but the company intends to return to full dividend payments as soon as possible.

The recent recovery in the hotel industry, together with lower interest rates, enables us to look to the future with optimism.

We now feel we are able to enter a time of controlled expansion and to this end are negotiating on several projects which will improve the profitability and financial soundness of the company.

Copy of the 1976 Report & Accounts may be obtained from the Company Secretary, Queens Moat Houses Limited, 1 Regent Avenue, Regents Park, N10 1PN.

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U.S. \$30,000,000 9 per cent, Guaranteed Bonds due 1983

Holders of the above mentioned Bonds are hereby notified that, pursuant to the applicable provisions of the Trust Deed constituting the Bonds, the exchange date for this issue has been determined to be 6th July, 1977. The bearer of a Temporary Bond shall be entitled, upon the surrender thereof on or at any time after the said exchange date and upon compliance with the provisions set forth in the said Trust Deed, including completion of a certificate of non-U.S. beneficial ownership, to exchange such Temporary Bond for a Definitive Bond with Coupons attached thereto free of charge at the office of Morgan Guaranty Trust Company of New York, 33 Lombard Street, London EC3P 3BN, England.

J.U. Overseas Finance N.Y.



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For the six months 22nd June 1977 to 22nd December 1977 the Notes will carry an interest rate of 7 1/2% per annum.

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In accordance with the requirements of the Council of The Stock Exchange £2,500,000 of the Stock is available in the market on the date of publication of this Advertisement. Particulars of the Stock have been circulated in the Statistical Services Ltd., and copies may be obtained during usual business hours on any weekday (Saturdays excepted) for 14 days, from and including 22nd June, 1977, from

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AND HOPE.

Help us bring them R
AND HOPE.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Row brews over threat
o Italian steel plan

PAUL BETTS

JOR POLITICAL row has is centred by the State d in Italy following the through IRI subsidies like Flusider and Italstider.

According to latest estimates, the Italian steel industry will have an annual overcapacity of some 4m tonnes in the early 1980s, while world steel demand, which is expected to increase by an annual rate of about 2.8 per cent in this decade, will in effect only increase by about 2 per cent.

The financial situation of IRI steel subsidiaries is also causing growing alarm. Italstider last year posted a loss of L130.3bn, compared to L72.2bn, in 1975. On the same basis, the steel plant of Plumbing, in which the Turin-based Fiat group has a stake of 53.2bn, compared to L82.2bn, the Terni steel group lost L42.1bn, compared to L62.4bn, and the obsolete Bagno plant in Naples is understood to be losing an average of L80bn a year.

In these circumstances, the IRI working party is believed to have stressed the need to redefine the steel strategy of the State holding group, which already has a major integrated steel complex in operation at Taranto in the Mezzogiorno, or the South. The Taranto plant, however, has turned out to be a relative success story, by managing to break even at a

ROME, June 21. time of general recession in the steel industry.

The thinking now is that the limited funds available should be used to rationalise the Italian steel industry, including technological improvement of existing plants, rather than invest in hugely expensive and uneconomic projects.

But the threat to scrap the controversial Gios Tauro project has unleashed a battery of criticism from the trade unions and Leftwing parties, in particular the veteran socialist Sig. Giacomo Mancini, who claims that a project of the magnitude of Gios Tauro cannot be abandoned "overnight," especially after considerable funds have already been spent to build infrastructures in the area. It is, however, the employment implications which are the cause of greatest alarm at the time when the unions are demanding Government pledges for new investment in the depressed regions of the country.

A compromise solution is now likely to be taken to salvage at Gios Tauro as many potential jobs as possible. This solution will probably entail the development of a more limited steel programme for Gios Tauro as well as the use of the new infrastructures for some form of general but ambitious industrial development.

recommendation is also at a particularly difficult for the Italian steel industry, 60 per cent, of which

State funds have been pumped in to build and other facilities to the steel, labelled as yet another of the depressed south of the country, the south of Italy, the recent wider re-thinking of Italy's industrial investment strategy on the part of the State managers.

recommendation is also at a particularly difficult for the Italian steel industry, 60 per cent, of which

is controlled by the State through IRI subsidiaries like Flusider and Italstider.

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compulsorily convertible into Ordinary shares at 140 cents in 1981.

These issues, together with medium term facilities and holding now equals Old Mutual's acceptance credits, will be at 17 per cent.

enough to finance the spending programme. Meanwhile, the shares have been aggressively bought by Common Fund, whose

shareholders in the company, will be at 17 per cent.

over rose from R239m to R27m, beating the food of the official consumer index by 10 per cent. Tradefit margins were held at 1 cent and net profit after tax marginally to R7.4m. Dividend was raised 0.5 to 12 cents, so that the 150 cents, yield 7.7 per point above the sector.

High cash flow exceeded the chairman, Mr. J. D. J. argues that this is still

ent to finance the group's facilities, particularly, for distribution. In November, this target.

The company is pursuing a clearly required, while further policy of closing smaller outlets and leaseback deals, which

— nine closed in 1976/77 and a brought R16m last year, a possi-

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OK Bazaars sales expand

BY OUR OWN CORRESPONDENT

JOHANNESBURG, June 21. OK Bazaars, the biggest retailer in South Africa, pushed turnover up to R530m. in the year to March 31, and accounted for 7.6 per cent. of total retail sales in the Republic of RSA.

Its chairman, Mr. Dick Goss, who is also managing director of ral group, Plek 'n' Pay, develops

OK Bazaars is also developing a retail outlet in the KwaZulu Homeland in association with Zulu citizens.

Capital commitments are down

from R40m. to R33m. but with cash flow running at R10m. last

year, additional funding will

be required, while further

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High cash flow exceeded the chairman, Mr. J. D. J. argues that this is still

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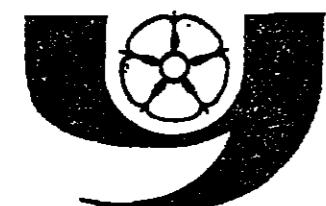
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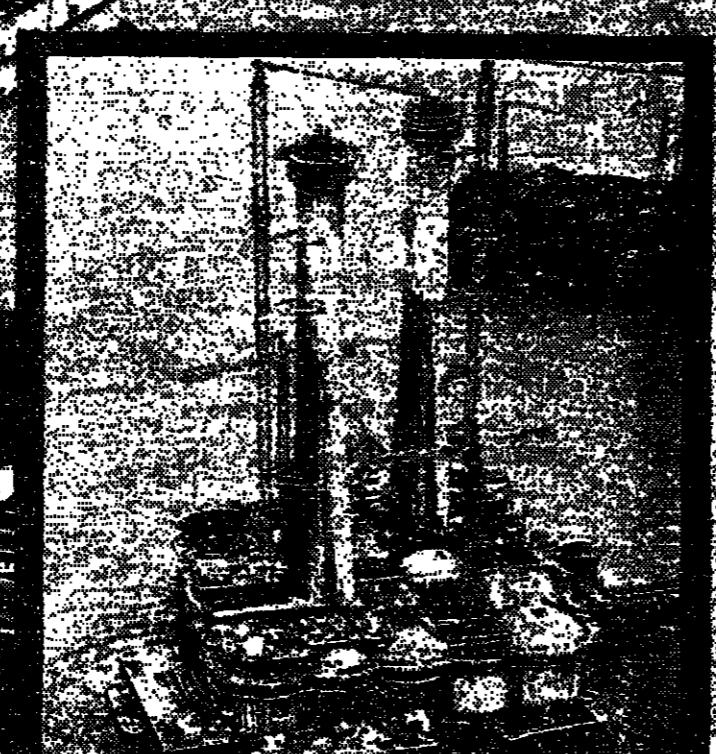
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A MEMBER OF THE THOMAS TILLING GROUP

FINANCIAL TIMES REPORT

Wednesday June 22 1977

West Yorkshire

As the third largest English county, West Yorkshire is grappling with administrative problems connected with its sheer size. But in its search for solutions to problems like unemployment and urban renewal it can rely on important advantages such as good communications, natural assets and hard-working people.

Faith in its future

that the Tories have started how blurred is the picture of well. They promised more the future shows up in two wide- "open local government" and ranging alternative forecasts in started their reign by throwing the county council's interim open sub-committees as well as respect on its structure plan committees to Press and public. Given favourable national They believe this will work for growth, with the country main- their good. They are to "par- tanning its position in world down" the Labour-introduced markets, West Yorkshire expects consumer advice service and Mr. an increase of more than 25,000 Batty told me they have no jobs up to 1986. But assuming intention of implementing a low level of growth, there Labour's plan to buy as a would be a loss of 33,000 jobs. don't believe it can come in the council's interests in local industry.

They were faced with the usual problems of such a change of control. They have a lot of new councillors without administrative experience at metropolitan county level. But

Mr. Batty says they are a talented lot and will not take long to get into the way of things.

Preference

Most West Yorkshire businessmen are pleased. Apart from their general preference for a Tory administration, they now feel more will be done about town centre parking, an issue which led to "nearly open war" between some districts and the Labour controllers at Wakefield. Labour policy was to push the county's excellent and efficient public transport services, which include some

When you talk to people in subsidised commuter railway West Yorkshire, they don't like. Businessmen claimed seem to care much about the there were insufficient short-change. The man in the street term parking facilities for what still thinks that two-tier local Yorkshire still calls "the government is a disaster, merciful man" and it now looks ("We've had it for four years as if this lack may be remedied, and I'm still looking for the rates office," grumbled a spectator to me at a Bradford League cricket match the other Saturday).

But there is a general feeling that if town centre parking were the only problem facing West Yorkshire, its new masters would be sitting back with smiles on their faces. There is unemployment too—and just

vision of prosperity—though it may be deceiving. Mr. Batty mentioned to me unemployment black spots in the county, areas out on the moors that stretch from Halifax to the Lancashire border and in the south of the county where coalmining was once prosperous.

"One of the troubles is that there is no tradition of commuting here," he said, "and I

This Report was written by ALAN FORREST

West Yorkshire's new leaders foreseeable future. You can only have commuting when you have a public transport system like London—we could not extend from Todmorden, the little town that was once in Yorkshire for local government, but in Lancashire for addressing letters, to Knottingley in the east. It is a population of just over 2m, and is the third largest of the 45 English counties.

It is certainly looking in a pleasanter place to live in. The old centres of Bradford, Leeds and Halifax have been cleaned up, shopping goes from strength to strength and everybody says it would have been a paradise if it had not been for the recession.

People returning to West Yorkshire after a long absence cannot find their way round the old industrial centres, and complain. But the people like them and certainly Bradford, a nightmare in the early days of re-planning with its bulldozers and vacant sites, now looks almost beautiful, a space age city with its catwalks and subways. You almost expect to see moving pavements.

To walk around Bradford, of its mining. Even the Ponte-

Leeds and Halifax is to get a frant

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A task for industry

AD the local Press and for Burton, Parkland saw the storm clouds ahead, built up a pub, it is hard to get a flourishing export trade and is one of the strongest businesses in the industry.

Old wool textile workers listen to their leaders' success and ask: "But will it all mean more jobs?" Most trade leaders admit honestly that there is not a great opportunity for labour growth. All they can guarantee is that the big rundown of jobs in wool textiles, which caused near panic in the area some years ago, has been halted. This has been done by rationalisation and mergers and more efficient modern machinery. It has changed the face of the industry.

Engineering

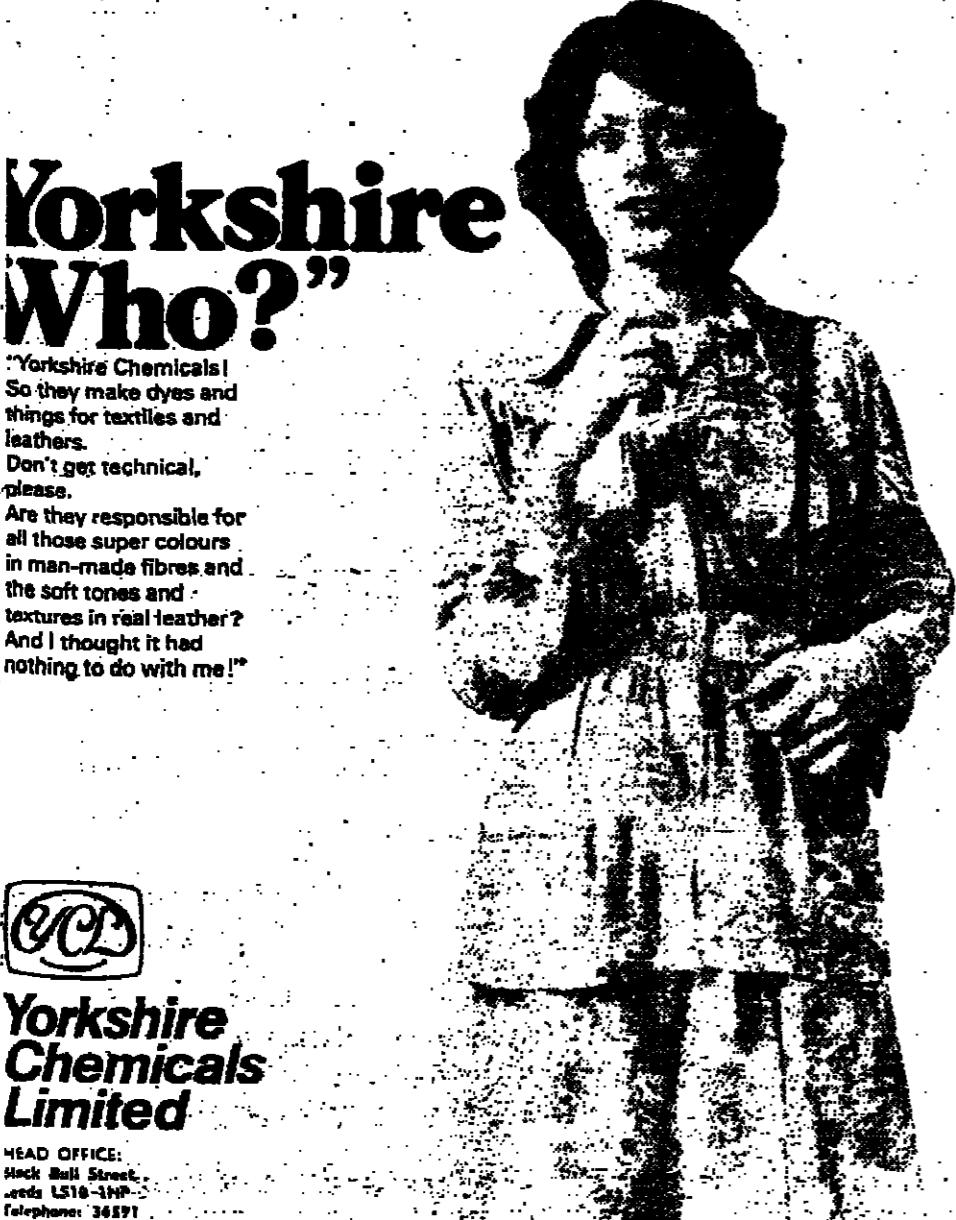
But West Yorkshire is much more than textiles. It has huge engineering works, English Electric and Huddersfield, and Grangefield at Bradford, the big moors in the Bradford Crompton Parkinson factory at Guiseley, developed from a back-street engineering shop before World War I by the brothers Frank and Albert Parkinson. Leeds is a world centre of the printing machine industry, and House of Algernon, the printing plate makers, already established in the city, is believed to have plans to bring its entire national operation there shortly.

A local planner told me: "We know the chances of attracting entirely new industry to the area are not as bright as they were, but we believe a lot can be done in helping companies already established here, to expand. We have the land for factories and we can certainly supply the skilled labour."

Companies which have established themselves in the county all seem highly satisfied. Officials talk of the good pool of skills and the almost ideal labour relations record when compared with areas like Merseyside and the Midlands. For example, the Frigoscandia group set up the biggest cold store in Europe at South Kirkby, a former mining area near Wakefield in 1971. They report: "Employee-management relations have been first-class and everyone has taken an active part in developing the complex."

Another foreign group is Cameron Ironworks, the Texaco textile trade chiefs are now manufacturing equipment at Stourton, near Leeds. It has never known a talk about the decline in British suit. "That's just for bad management," Yorkshire people and Texans say, and point to the rapid growth of the British international fashion.

It is hard to cover the vast industry without missing some industry would have household figure out. At a cold wind through the Halifax, the centre of the leading textile areas. For Calderdale, they claimed factories were to manufacture everything from doorstop customers. Spin-cats eyes. (A Halifax man's invention) to cash registers, from Huddersfield asphalt, to wire and top-quality used to complain: "We carpet in an area which is more the cloth, Leeds, just half rural land. It into suits, and gets Kirklees is the centre of woollen cloth. But the two small wool textile leader told towns of Dewsbury and Batley impact on his industry are the home of some of the too bad; and the world's most famous blanket this was because of manufacturers and the centre of planning by the shoddy (re-processed wool). "We could see the industry. But they now have a tailoring rundown diversity of industries, from "he said. He quoted biscuits to cement. Wakefield example of Parkland Manufacturing Company in Bradford, does make sports equipment, in the days of the cheap chemicals, tentage and furniture, mainly making cloth.



Yorkshire Who?

Yorkshire Chemicals! So they make dyes and things for textiles and leathers. Don't get technical, please. Are they responsible for all those super colours in man-made fibres and the soft tones and textures in real leather? And I thought it had nothing to do with me!"

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The Merriion Centre, a new shopping complex in Leeds

Planners know the future lies in increasing the area's diversification and medium-sized companies in Leeds particularly marked. Brighter news for the area is shown by a steady recovery of the industrial property market. There is no doubt that a huge task lies before West Yorkshire's new masters. Having said publicly that it believes the peak as a labour-provider. "There aren't any characters left in the trade," they say and look back nostalgically to the day when the Wool Exchange was packed with hard-headed

inns and private investment. In the older parts of the city, a few people bemoan the passing of the wool industry's days as a labour-provider. "There aren't any characters left in the trade," they say and look back nostalgically to the day when the Wool Exchange was packed with hard-headed

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shire's new masters. Having

said publicly that it believes the

contraction of the textile indus-

try is at the root of the county's

decay, the County is determined

to freehold property for small

to stop the rot.

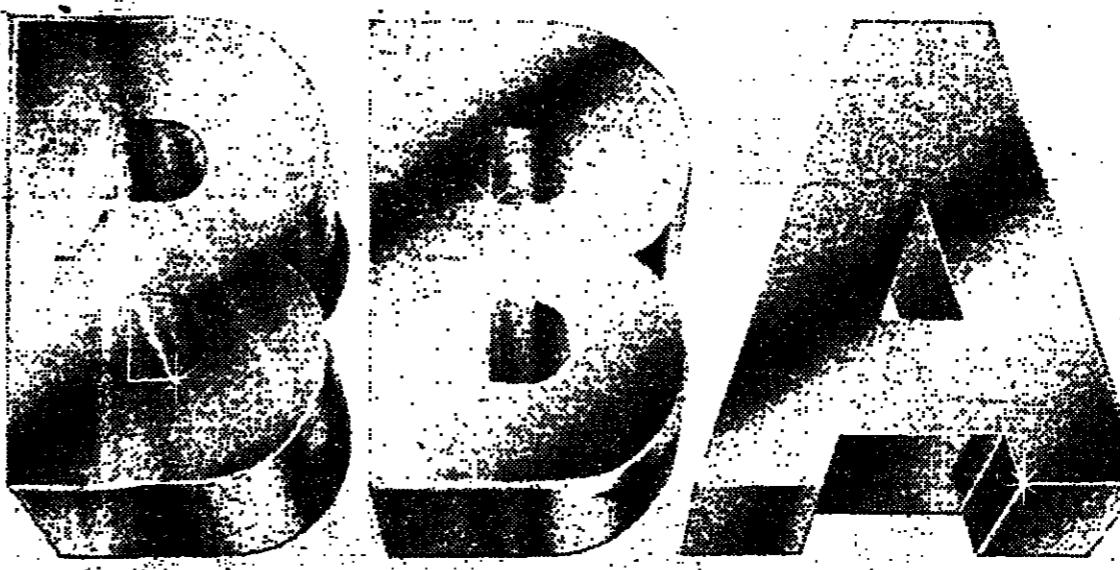
Centre of life in York

York is an ideal headquarters for Yorkshire-General, the Life Company of General Accident; it is an excellent centre of communications particularly for a company with a field force covering the whole of the United Kingdom. The help and advice of these specialists in life assurance and pension scheme matters is freely available through the many branch offices of General Accident.

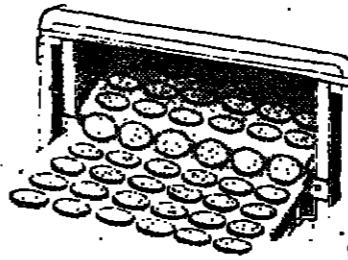
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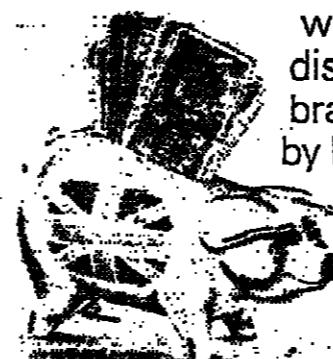
Bearings

Railko Limited produces probably the world's widest and most versatile range of plastics bearings, with special materials and different specifications demanded by the automotive, process, railway, marine and agricultural industries on a global scale.

With BBA Group manufacturing plants also in North America, Australia and South Africa, and with exports to well over 100 countries, the world is our market place. And our trading in it is doing Britain a power of good.



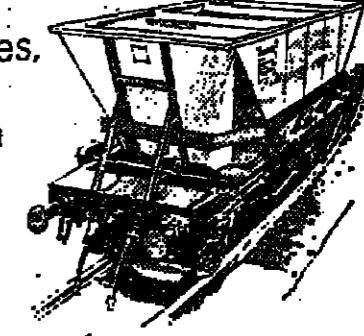
The new Ford 'Fiesta', which is to be produced in England, Germany and Spain, will be fitted with disc brake pads and brake linings supplied by BBA Group companies.



BBA - earning more for Britain



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ARMING AND RAW MATERIALS

India fixes maximum jute price

Our Own Correspondent
JUTE Commissioner has a maximum price of a quintal for W5 grade immediate effect following rise of raw jute prices in to a record Rs.240 (418). a j. W5 is the key quota.

maximum prices apply to new crop. Correspondences for other grades have been fixed. Simultaneously, will have been forbidden to raw jute for more than weeks' consumption as the previous six.

ind these measures are the only tight raw jute supply. The Indian Jute Mills Association has been saying that ore than 600,000 to 700,000 will be left as the carry-over at the end of this—the last month of the season—just sufficient for south's consumption.

export contracts registered the anticipated for June

indicated that the past two

have been substantially

than the previous year's

spending months. But since

they have more or less

stopped developing—although

they have not suffered severe

damage.

As well as the delay at home,

there is a marked shortage of im-

ported strawberries and cherries

from regular suppliers in Spain

and Morocco. Both these coun-

tries were badly affected by

winter frosts and poor weather

described as "patchy," but out-

put in the Midlands seems

to have been relatively good.

Normally, these early pickings

are unusually low. Worst

affected are lettuce and cucumber

growers.

Other vegetables, however, are

selling well and there is a steady

demand for cauliflowers, cab-

ages and limited supplies of

spinach.

The Potato Marketing Board

said prices for home grown new

potatoes were around £10.00

per tonne. Average yields

are 6.0 to 7.0 tonnes per

acre. In June next we analyse

and try to solve the many prob-

lems confronting dairy

producers throughout

the world.

Summer chill slows down fruit and salad sales

BY OUR COMMODITIES STAFF

CLOUDY, chilly weather over much of Britain has killed the consumers' seasonal appetite for soft fruits and salads. The lack of demand has prevented an unusual shortage of popular summer fruits from pushing up prices.

"If we'd had a bit of sun this past week, prices of things like strawberries and cherries would be phenomenal by now," one London merchant said.

Outdoor crops of home-grown strawberries are late—hanging in flower now. There are some signs of stress from cold weather earlier in the year," an NFU official said. But it is still too early for crop forecasts."

Blackcurrant production is ex-

pected to be light in some parts of the main growing areas because of frost. But frost pro-

tection—an increasingly popular technique—has helped produce "good" crop prospects in many parts of the country.

The Kent gooseberry crop is

described as "patchy," but out-

put in the Midlands seems

to have been relatively good.

Normally, a combination of

delay and shortage at this time of

year would send prices soaring.

Market experts say it is too

early to comment on the pros-

pects for the apple crop in

Britain, but they agree that there

is no real danger of a bumper

crop.

However, the wholesale trade

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STOCK EXCHANGE REPORT

Special situations again to the fore in subdued trade
Share index reacts 3.2 to 442.0—Gilt a shade harder

Account Dealing Dates

First Declar. Last Account Dealing Dates Day
May 23 Jun. 9 Jun. 10 Jun. 21
Jun. 13 Jun. 23 Jun. 24 July 5
Jun. 27 July 7 July 8 July 19

"New time" dealings may take place from 9.30 a.m. the business days earlier.

Overnight firmness in the equity leaders was maintained at yesterday's start but only briefly because it soon became evident that potential buyers were still holding on pending a more settled background in the political field. Activity therefore, continued to centre on the short-dated Treasury, up 15/16 to 95 11/16. Corporations furthered the previous day's recovery with fresh gains which, although less frequent, again extended to 3. The recently-issued Birmingham 124 per cent, 1985, stock, however, eased 1 in to 105-16 paid form to 98.

Circumstances remained much the same as on Monday in the investment currency market, the premium floating in an unusual trading between 1131 and 1121 per cent, before closing virtually unchanged on balance at 113 per cent. Yesterday's SE conversion factor was 0.7055 (0.7063).

Barclays edge forward

Official markings increased by about one-tenth but to the still low total of 4,428; on Monday they number 4,028 and the week's level was 4,800. In the absence of buyers, a rise of 0.1 in the FT 30-share index at 10 a.m. was turned into a net loss of 3.2 at 442.0 at the end. About one-third of the index constituents were unchanged to a shade harder and falls in the remainder were usually limited to a penny; BPs were an exception at 890p, down 8p, with sentiment not helped by Press comment on the heavy staging anticipated for the 17 per cent. The Guardsman Holdings currently on offer at 845p per share and in which dealers are expected to begin at 3.30 p.m. next Monday. Similarly, outside of Mining stocks, price movements rarely exceeded 5, but Electrocomponents stood out at 168p, up 20, on the better-than-expected results. Overall, price changes were mixed with falls again in a slight majority over rises and in the FT-Actuaries All-Share index was again barely changed at 184.33.

Funds steadier

British Funds took little notice initially of slightly more encouraging factors which included the prospect of a single figure inflation rate by the second-quarter of next year coupled with 'essentially a rise in U.S. interest

Electrocomponents up

The Electrical sector was enlivened by a rise of 20 to 168p in Electrocomponents following the good preliminary results. Still reflecting a Press suggestion of a possible bid from Racal Electronics, AB Electronic firms 4 more to 164p. Racal, results, due to-morrow, improved afresh to 376p before closing to 380. Elsewhere, Anglea Television A held firm at 61p in front of to-day's interim figures.

Insurance up

Insurance drifted lower on lack of support. Royalts shed 6 to 336p and Guardian Royal Exchange 5 to 196p, while Sun Alliance gave up 3 to 445p and Commercial Union 2 to 137p. Brestal Bear, however, resisted the trend and closed 2 to the good at 54p.

On again, there were few movements worthy of mention in Breweries. Allied closed without alteration at 71p after interim results in line with most expecta-

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reversed in Buildings and the volume of business remained small. George Dew touched 113p and hardened 2 to 222p, while Greenfield Millsites were a shade better at 27p on the higher first-half earnings. Lee Cooper eased 2 to 178p in front of to-day's preliminary results, while Associated Retailers closed 2 to the good at 54p.

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CANADIANS

**BRITISH FUNDS

"Shorts" (Live up to Five Years)

Stock	Pr.	Div.	Yield	Stock	Pr.	Div.	Yield
1001. 983 Treasury 11% 1980	100/3	10	10%	1002. 973 Treasury 11% 1981	100/3	10	10%
1003. 973 Treasury 11% 1982	100/3	10	10%	1004. 973 Treasury 11% 1983	100/3	10	10%
1005. 973 Treasury 11% 1984	100/3	10	10%	1006. 973 Treasury 11% 1985	100/3	10	10%
1007. 973 Treasury 11% 1986	100/3	10	10%	1008. 973 Treasury 11% 1987	100/3	10	10%
1009. 973 Treasury 11% 1988	100/3	10	10%	1010. 973 Treasury 11% 1989	100/3	10	10%
1011. 973 Treasury 11% 1990	100/3	10	10%	1012. 973 Treasury 11% 1991	100/3	10	10%
1013. 973 Treasury 11% 1992	100/3	10	10%	1014. 973 Treasury 11% 1993	100/3	10	10%
1015. 973 Treasury 11% 1994	100/3	10	10%	1016. 973 Treasury 11% 1995	100/3	10	10%
1017. 973 Treasury 11% 1996	100/3	10	10%	1018. 973 Treasury 11% 1997	100/3	10	10%
1019. 973 Treasury 11% 1998	100/3	10	10%	1020. 973 Treasury 11% 1999	100/3	10	10%
1021. 973 Treasury 11% 2000	100/3	10	10%	1022. 973 Treasury 11% 2001	100/3	10	10%
1023. 973 Treasury 11% 2002	100/3	10	10%	1024. 973 Treasury 11% 2003	100/3	10	10%
1025. 973 Treasury 11% 2004	100/3	10	10%	1026. 973 Treasury 11% 2005	100/3	10	10%
1027. 973 Treasury 11% 2006	100/3	10	10%	1028. 973 Treasury 11% 2007	100/3	10	10%
1029. 973 Treasury 11% 2008	100/3	10	10%	1030. 973 Treasury 11% 2009	100/3	10	10%
1031. 973 Treasury 11% 2010	100/3	10	10%	1032. 973 Treasury 11% 2011	100/3	10	10%
1033. 973 Treasury 11% 2012	100/3	10	10%	1034. 973 Treasury 11% 2013	100/3	10	10%
1035. 973 Treasury 11% 2014	100/3	10	10%	1036. 973 Treasury 11% 2015	100/3	10	10%
1037. 973 Treasury 11% 2016	100/3	10	10%	1038. 973 Treasury 11% 2017	100/3	10	10%
1039. 973 Treasury 11% 2018	100/3	10	10%	1040. 973 Treasury 11% 2019	100/3	10	10%
1041. 973 Treasury 11% 2020	100/3	10	10%	1042. 973 Treasury 11% 2021	100/3	10	10%
1043. 973 Treasury 11% 2022	100/3	10	10%	1044. 973 Treasury 11% 2023	100/3	10	10%
1045. 973 Treasury 11% 2024	100/3	10	10%	1046. 973 Treasury 11% 2025	100/3	10	10%
1047. 973 Treasury 11% 2026	100/3	10	10%	1048. 973 Treasury 11% 2027	100/3	10	10%
1049. 973 Treasury 11% 2028	100/3	10	10%	1050. 973 Treasury 11% 2029	100/3	10	10%
1051. 973 Treasury 11% 2030	100/3	10	10%	1052. 973 Treasury 11% 2031	100/3	10	10%
1053. 973 Treasury 11% 2032	100/3	10	10%	1054. 973 Treasury 11% 2033	100/3	10	10%
1055. 973 Treasury 11% 2034	100/3	10	10%	1056. 973 Treasury 11% 2035	100/3	10	10%
1057. 973 Treasury 11% 2036	100/3	10	10%	1058. 973 Treasury 11% 2037	100/3	10	10%
1059. 973 Treasury 11% 2038	100/3	10	10%	1060. 973 Treasury 11% 2039	100/3	10	10%
1061. 973 Treasury 11% 2040	100/3	10	10%	1062. 973 Treasury 11% 2041	100/3	10	10%
1063. 973 Treasury 11% 2042	100/3	10	10%	1064. 973 Treasury 11% 2043	100/3	10	10%
1065. 973 Treasury 11% 2044	100/3	10	10%	1066. 973 Treasury 11% 2045	100/3	10	10%
1067. 973 Treasury 11% 2046	100/3	10	10%	1068. 973 Treasury 11% 2047	100/3	10	10%
1069. 973 Treasury 11% 2048	100/3	10	10%	1070. 973 Treasury 11% 2049	100/3	10	10%
1071. 973 Treasury 11% 2050	100/3	10	10%	1072. 973 Treasury 11% 2051	100/3	10	10%
1073. 973 Treasury 11% 2052	100/3	10	10%	1074. 973 Treasury 11% 2053	100/3	10	10%
1075. 973 Treasury 11% 2054	100/3	10	10%	1076. 973 Treasury 11% 2055	100/3	10	10%
1077. 973 Treasury 11% 2056	100/3	10	10%	1078. 973 Treasury 11% 2057	100/3	10	10%
1079. 973 Treasury 11% 2058	100/3	10	10%	1080. 973 Treasury 11% 2059	100/3	10	10%
1081. 973 Treasury 11% 2060	100/3	10	10%	1082. 973 Treasury 11% 2061	100/3	10	10%
1083. 973 Treasury 11% 2062	100/3	10	10%	1084. 973 Treasury 11% 2063	100/3	10	10%
1085. 973 Treasury 11% 2064	100/3	10	10%	1086. 973 Treasury 11% 2065	100/3	10	10%
1087. 973 Treasury 11% 2066	100/3	10	10%	1088. 973 Treasury 11% 2067	100/3	10	10%
1089. 973 Treasury 11% 2068	100/3	10	10%	1090. 973 Treasury 11% 2069	100/3	10	10%
1091. 973 Treasury 11% 2070	100/3	10	10%	1092. 973 Treasury 11% 2071	100/3	10	10%
1093. 973 Treasury 11% 2072	100/3	10	10%	1094. 973 Treasury 11% 2073	100/3	10	10%
1095. 973 Treasury 11% 2074	100/3	10	10%	1096. 973 Treasury 11% 2075	100/3	10	10%
1097. 973 Treasury 11% 2076	100/3	10	10%	1098. 973 Treasury 11% 2077	100/3	10	10%
1099. 973 Treasury 11% 2078	100/3	10	10%	1100. 973 Treasury 11% 2079	100/3	10	10%
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1103. 973 Treasury 11% 2082	100/3	10	10%	1104. 973 Treasury 11% 2083	100/3	10	10%
1105. 973 Treasury 11% 2084	100/3	10	10%	1106. 973 Treasury 11% 2085	100/3	10	10%
1107. 973 Treasury 11% 2086	100/3	10	10%	1108. 973 Treasury 11% 2087	100/3	10	10%
1109. 973 Treasury 11% 2088	100/3	10	10%	1110. 973 Treasury 11% 2089	100/3	10	10%
1111. 973 Treasury 11% 2090	100/3	10	10%	1112. 973 Treasury 11% 2091	100/3	10	10%
1113. 973 Treasury 11% 2092	100/3	10	10%	1114. 973 Treasury 11% 2093	100/3	10	10%
1115. 973 Treasury 11% 2094	100/3	10	10%	1116. 973 Treasury 11% 2095	100/3	10	10%
1117. 973 Treasury 11% 2096	100/3	10	10%	1118. 973 Treasury 11% 2097	100/3	10	10%
1119. 973 Treasury 11% 2098	100/3	10	10%	1120. 973 Treasury 11% 2099	100/3	10	10%
1121. 973 Treasury 11% 2100	100/3	10	10%	1122. 973 Treasury 11% 2101	100/3	10	10%
1123. 973 Treasury 11% 2102	100/3	10	10%	1124. 973 Treasury 11% 2103	100/3	10	10%
1125. 973 Treasury 11% 2104	100/3	10	10%	1126. 973 Treasury 11% 2105	100/3	10	10%
1127. 973 Treasury 11% 2106	100/3	10	10%	1128. 973 Treasury 11% 2107	100/3	10	10%
1129. 973 Treasury 11% 2108	100/3	10	10%	1130. 973 Treasury 11% 2109	100/3	10	10%
1131. 973 Treasury 11% 2110	100/3	10	10%	1132. 973 Treasury 11% 2111	100/3	10	10%
1133. 973 Treasury 11% 2112	100/3	10	10%	1134. 973 Treasury 11% 2113	100/3	10	10%
1135. 973 Treasury 11% 2114	100/3	10	10%	1136. 973 Treasury 11% 2115	100/3	10	10%
1137. 973 Treasury 11% 2116	100/3	10	10%	1138. 973 Treasury 11% 2117	100/3	10	10%
1139. 973 Treasury 11% 2118	100/3	10	10%	1140. 973 Treasury 11% 2119	100/3	10	10%
1141. 973 Treasury 11% 2120	100/3	10	10%	1142. 973 Treasury 11% 2121	100/3	10	10%
1143. 973 Treasury 11% 2122	1						

Healey and TUC start pay talks

BY ALAN PIKE, LABOUR STAFF

TUC LEADERS last night emerged from the start of formal negotiations with the Government on the shape of pay policy after next month convinced that they are succeeding in persuading the Chancellor that rigid pay norms must end with Phase Two.

Asked after the meeting whether the Chancellor was looking for pay guidelines in the coming year which set figures in the way the present policy does Mr. Len Murray, TUC general secretary replied: "He has accepted our view that it would be wrong to think in terms of Phase Three."

But Mr. Murray added it would be wrong for him to say that the Chancellor had "not got ideas of figures in his head."

The TUC delegation made it very clear to Ministers at yesterday's meeting that they see pay policy after July 31 taking the form of voluntary restraint without a binding limit.

Common basis
This is the position from which the TUC will negotiate in the detailed discussions which are certain to follow yesterday's opening meeting.

Yesterday's meeting, attended by most members of the TUC economic committee, was described by Mr. Murray as a "clearing of the ground which established a common basis for discussion."

The TUC team will report back to the full general council this morning and no date has been set for the next meeting with the Government.

There is a distinct if unstated feeling that much still depends on the conference of Britain's largest union—the Transport and General Workers—to be held next month.

Post Office engineers reject curbs, Page 11

Labour paper urges tight grip on multinationals

BY MICHAEL LAFFERTY, CITY STAFF

TOUCHER Government control of foreign-based multinationals operating in the U.K. and a new foreign investment unit to monitor their activities are the main proposals in a draft paper which will be considered next month by the Labour Party's national executive committee.

It is expected that the paper, prepared by a committee of MPs, party officials and trade unionists under the chairmanship of Mrs. Judith Hart, Minister for Overseas Development, will then be published as an official Labour Party Green Paper.

A summary of the paper's proposals will be submitted to the party's annual conference in October. If it is approved it will then be official Labour Party Green Paper.

Two other ministers, Mr. Robert Sheldon, Financial Secretary to the Treasury, and Mr. Alan Williams, Minister of State for Industry, are members of the party's "Working Group on Transnational Corporations" which has prepared the draft.

The draft document says that multinationals "are accumulating to themselves wealth and power and reducing the effectiveness of the democratic elements in society." As a result, Governments are no longer able to take independent economic decisions.

"We stand for democratic

Schmidt survives censure vote

By Jonathan Carr

BONN, June 21. CHANCELLOR Helmut Schmidt, to-night, survived a Parliamentary censure vote—one of a series of efforts by the opposition to split and defeat the Government coalition.

Despite differences straining the Social Democrats and Free Democrats alliance on other matters, deputies from both parties fell into line behind the Chancellor. The vote was 242-243 for the opposition CDU-CSU, giving the coalition its full Bundestag majority of 10.

Even if the motion of Censure had been approved, Herr Schmidt would not have been forced under the constitution to step down. This can only be done through a so-called constructive vote of no confidence which, if carried, ejects one chancellor and automatically elects successor.

But the failure of the SPD and FDP to stand firmly together on so basic an issue would have put a scarcely tolerable strain on the coalition. Last week a few SPD deputies voted with the opposition, allowing a government tax package to pass by only a hair's breadth.

Tough test

The opposition has decided to vote en bloc against the defence budget on Thursday, putting the coalition to another tough test.

The censure motion was put forward on grounds that Herr Schmidt had acted unconstitutionally in 1973-74 when, as Finance Minister, he approved supplementary expenditure without informing Parliament.

The Federal Constitutional Court has confirmed that such action is unconstitutional—and therefore must not recur. But it also noted that the same practice had been followed for many years before Herr Schmidt's action—that is, by CDU-CSU Finance Ministers.

In a fighting speech today, Herr Willy Brandt, the SPD chairman, accused the opposition of opportunism and described talk of a possible grand coalition between the SPD and CDU-CSU as dragging out a "loch Ness monster."

Herr Schmidt also vigorously defended the SPD-FDP alliance, attacking all those who, as he put it, from Kaiser Wilhelm to Adolf Hitler to the present day, were not prepared for fair compromise.

Continued from Page 1

Unemployment

ing the register was 362,000, which is 8,000 higher than in the period to April, but 11,000 lower than the average for the three months to mid-September.

The average number leaving the register is now 369,000 compared with 364,000 in the period to September.

Some officials yesterday were trying to cast some doubt on the rise in unemployment since the June count was taken during the week of the Jubilee bank holiday when employers may not have been taking on staff or notifying vacancies.

Moreover, a change in the method of compiling statistics from those registered with Professional and Executive Recruitment may have added about 5,000 to the total between May and June.

Mr. Caravan said the MPs had complained that the pickets were being deprived of their rights by the police. The MPs had seen "many wrongful arrests," he added.

"There are going to be some very ugly scenes; indeed, because when word of these latest events gets round the trade union movement, there will be thousands converging from all over Britain. It is up to the Government to act now."

The Amalgamated Union of Engineering Workers called for a "Gruinwick-style" picket at another small London company, Deseret Brothers of Hendon, over a similar recognition dispute.

A company spokesman said the matter was still under discussion and a meeting with the Advisory, Conciliation and Arbitration Board was scheduled for tomorrow.

Mr. Caravan said that some "rent-a-crowd" elements had been present but the majority of the picket lines were "decent trade unionists, shop stewards, and trade council members."

Continued from Page 1

Rees promises inquiry

general secretary of APEX and other responsible trade unionists regarded it

But he warned that there were people, with political rather than industrial motives who would use a peaceful dispute to turn it into battles.

"Let me make clear that in saying what I have said, I have not been referring to any of the arrests which have taken place or to any cases now under consideration or before the courts," Mr. Silkin said.

"My words refer to the future and only to the future, and it is in that sense that they must be understood."

At the Gruinwick factory, where Mrs. Arrowsmith and Mrs. Wise were arrested, there were four other arrests. The strike committee expects a large contingent of Yorkshire miners and even more students on the picket lines to-morrow.

Describing the scenes at the picket lines, Mr. Mikardo said that the scenes had been reminiscent of the Mosley marches of the 1930s.

The violence that occurred was not from the action of the pickets or those who had come to show solidarity with them, he claimed.

Mr. Mikardo said that some "rent-a-crowd" elements had been present but the majority of the picket lines were "decent trade unionists, shop stewards, and trade council members."

OPEC majority agrees to drop 5% oil rise

BY OUR FOREIGN STAFF

THE MAJORITY group of 11 members of the Organisation of Petroleum Exporting Countries have formally notified Saudi Arabia of its decision not to go ahead with a further 5 per cent increase in the price of oil.

Sheikh Ahmed Zaki Yamani, Saudi Minister of Petroleum, said in an interview with the Jeddah newspaper Al Medina that he had been informed of the agreement in a letter from Mr. Valentín Hernández Acosta, Venezuelan Minister of Mines and Hydrocarbons.

Agreement among them on sticking at a 10 per cent increase for the whole of this year is understood to have been reached in principle in April as a result of the tour of OPEC member states by President Carlos Andrés Pérez of Venezuela. He also attempted to persuade the Kingdom to agree to the compromise which has now been reached in advance of the next ministerial conference, scheduled for Stockholm next month.

At that point, however, the Kingdom would still settle for a common price no more than 8 per cent above 1976 levels. The decision to meet the majority at 10 per cent appears to have been reached towards the end of May.

Saudi officials have yet to be sure that the Kingdom's decision was a reaction to the week-end. Sheikh Yamani announced publicly that the Kingdom and the United Arab Emirates would raise their prices by 5 per cent from July 1 to bring them into line with the other 11 members did not go ahead with the further increase.

This argument appears to be no more than a justification for a step motivated by the desire to heal the breach in OPEC and mend divisions with other Arab oil-producing countries, as well as Iran, arising from the King Zaid's stand in December.

Continued from Page 1

Ford lays off 16,000 after Dagenham row

BY DAVID CHURCHILL, LABOUR STAFF

THE NUMBER of car workers production chain. It is traditional laid off at Ford plants throughout in the car industry not to pay Britain reached 16,000 yesterday workers laid off by internal with no prospect of an early dispute.

At Dagenham yesterday a Dagenham workers over pay-off picket line of fork-lift trucks and barrels again prevented supplies to enter some gates to the plant. The bulk of the lay-offs are at Dagenham, with the rest so far at the Southampton Transit plant and the Langley, Bucks, heavy trucks production works.

Informal talks at plant-level continued yesterday, following the failure of the main peace initiative over the weekend, but little progress was made. There are no plans yet to raise negotiations to national level and the talks will continue locally as long as there is hope," Ford stated.

News Analysis Page 11

Air talks near agreement

BY IAN HARGREAVES

SHORTLY BEFORE midnight last night Britain and the U.S. appeared to have virtually swapped up the basis of a new air services pact to replace the Bermuda

agreement which had been signed to-day, but it is known that negotiations had been made before them yesterday a list of 21 outstanding

Some of these referred to differences of view over single routes such as a U.S. demand for new operating rights through London to Saudi Arabia.

Others were more general, such as the American requirement for extensive so-called combination rights, allowing U.S. airlines to fly via London to a large number of European cities without having the right to pick up passengers in the U.K. capital. This would represent a major extension of U.S. rights is granted.

There were also a few remaining conflicts over details of the Washington that a cessation of should be designated for which air services between the two routes, between Britain and the countries from to-day was growing.

Weather

U.K. TO-DAY
DRY with sunny periods.

London, S.E. W. Cent. England, Midlands, E. Anglia, Channel Is.

Dry, sunny periods. Wind variable, light Max 18C (64F).

S.W. Scotland, Glasgow, Argyl.

N. E. N. England

Fog early, dry, sunny periods. Wind variable, light Max 18C (64F).

Wales, N.W. England, Is. of Man, Shetland

Dry, bright or sunny intervals. Wind S.W. Max 14C (57F).

Outlook: Mostly dry and warmer in places, but N. Scotland may have occasional rain.

1 The Amalgamated Union of Engineering Workers called for another small London company, Deseret Brothers of Hendon, over a similar recognition dispute.

2 Gruinwick-style picket at

3 No additional repair or maintenance costs attributable to lay up, and son savings.

4 Full reactivation within 10 days, loading Persian Gulf within 12 days sailing Brunei.

5 Reactivation cost negligible.

6 No additional repair or maintenance costs attributable to lay up, and son savings.

7 Full reactivation within 10 days, loading Persian Gulf within 12 days sailing Brunei.

8 No additional repair or maintenance costs attributable to lay up, and son savings.

9 Full reactivation within 10 days, loading Persian Gulf within 12 days sailing Brunei.

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